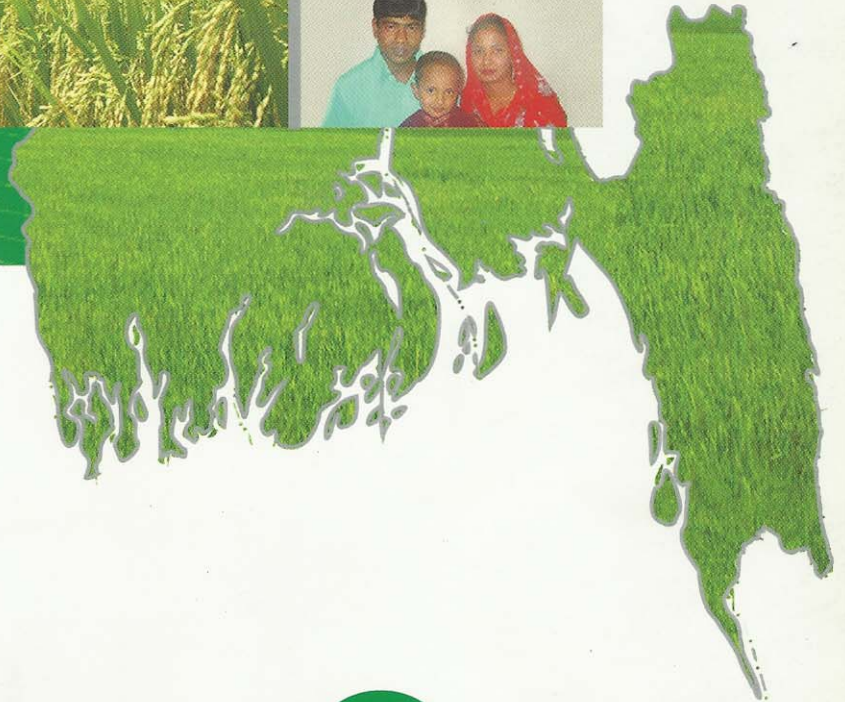


Annual Report 2008



ACI Formulations Limited





Mission

Our Mission is to enrich the quality of life through responsible application of knowledge, skills and technology. ACI Formulations is committed to the pursuit of excellence through world-class products, innovative processes and empowered employees, to provide the highest level of satisfaction to our customers.

About Cover: Pictorial contents of Annual Report 2008 symbolise an enhancement of the quality of life of our farmers and thus becoming the number one agricultural integrator in the country.



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Vision

To realise the Mission ACI Formulations will :

- Endeavor to attain a position of leadership in each category of its business.
- Provide products and services of high and consistent quality, ensuring value for money to its customers.
- Promote an environment for learning and personal growth.
- Attain a high level of productivity in all its operations through effective utilisation of time and adoption of appropriate technology.
- Develop its employees by encouraging empowerment and rewarding innovation.
- Ensure superior return on investment through judicious use of resources and efficient operations, utilizing our core competencies.
- Encourage and assist qualitative improvement of the services of its distributors and suppliers.

Values

- Quality
- Customer Focus
- Fairness
- Transparency
- Continuous Improvement
- Innovation



Corporate Management

Board of Directors



Mr. M Anis Ud Dowla
Chairman & Managing Director



Mrs. Najma Dowla
Director



Dr. F H Ansarey
Director



Dr. Arif Dowla
Director



Ms. Shusmita Anis Salam
Director



Mr. C. M. Murshed
Director



Mr. Wajed Salam
Director

Company Secretary

Ms. Sheema Abed Rahman

Auditors

Rahman Rahman Huq
Chartered Accountants

Financial Consultant

Mr. M. Sekander Ali

Principal Bankers

Standard Chartered Bank
The Hongkong and Shanghai
Banking Corporation Limited
Commercial Bank of Ceylon Plc
Citibank N. A.
The City Bank Limited

Legal Advisor

Barrister Rafique-ul Huq
Huq and Company

Notice of the 13th Annual General Meeting

Notice is hereby given that the 13th Annual General Meeting of ACI Formulations Limited will be held on Thursday, 18 June 2009 at 12:00 noon at Bangladesh-China Friendship Conference Centre, Agargaon, Sher-e-Bangla Nagar, Dhaka to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2008 together with Reports of the Auditors and the Directors.
2. To declare dividend for the year ended 31 December 2008.
3. To elect Directors of the Company.
4. To appoint Auditors for the year 2009 and to fix their remuneration.
5. To transact any other business, which may be transacted at an Annual General Meeting with the permission of the Chair.

By Order of the Board



Sheema Abed Rahman
Company Secretary

Dhaka
28 April 2009

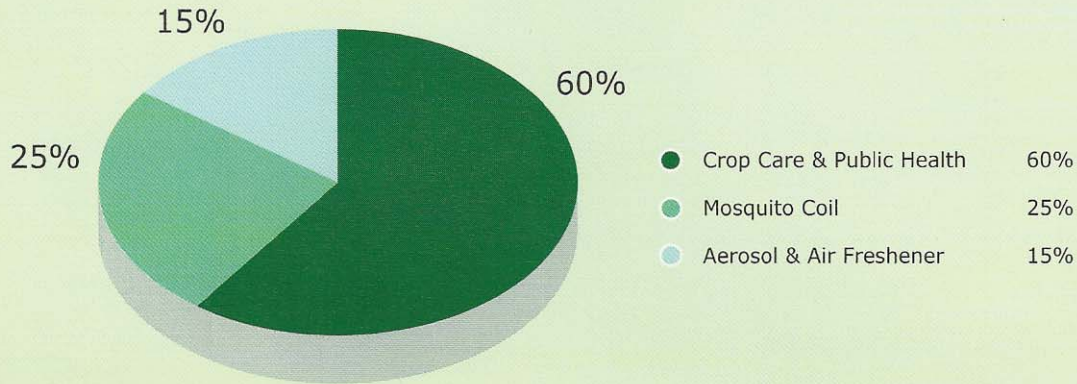
Notes

- a. The Record Date in lieu of Book Closure shall be on Monday, 18 May 2009.
- b. The Shareowners' names appearing in the Register of Members of the Company or in the Depository on the Record Date will be eligible to receive the dividend.
- c. The Directors have recommended dividend as follows:
 - i) Cash dividend : @ 10% per share of Tk. 10 each for the year ended 31 December 2008.
 - ii) Stock dividend: @ 20% i.e. 1 (one) Bonus Share for every 5 (five) Ordinary Share of Tk. 10 each for the year ended 31 December 2008.
- d. A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote on his/her behalf. The Proxy Form, duly completed, must be deposited at the Share Office of the Company at 9 Motijheel Commercial Area, Dhaka-1000 not later than 48 hours before the time fixed for the Meeting.
- e. Members are requested to notify the changes of address, if any, well in time. For BO A/C holders, the same to be rectified through their respective Depository Participants.
- f. Admittance to the Meeting venue will be on production of the Attendance Slip that will be sent with the Notice.

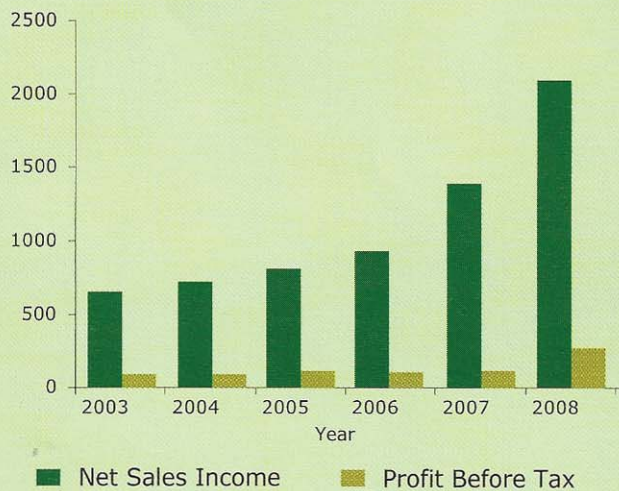


Year 2008 - at a Glance

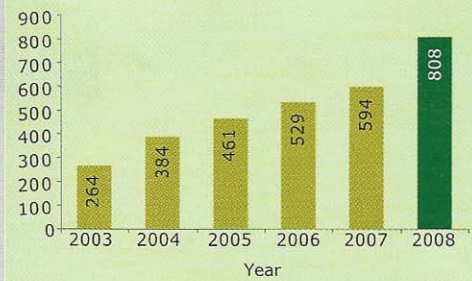
Sales Contribution by Business Unit 2008



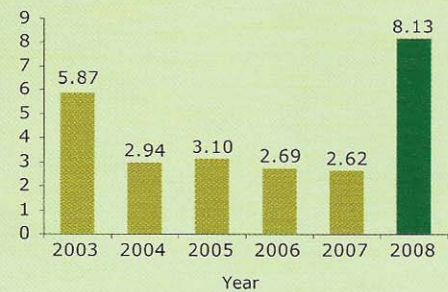
Net Sales Income & Profit Before Tax (Taka in Million)



Shareowners' Equity (Taka in Million)



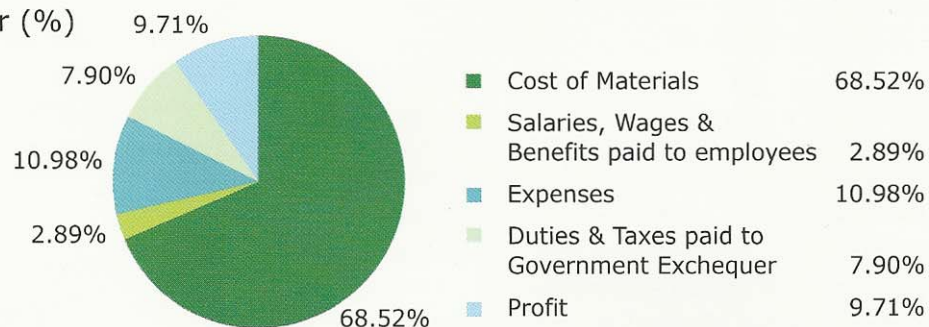
Earnings Per Share (Taka)



Six Years' Comparative Statistics, from 2003 - 2008

Particulars	2003	2004	2005	2006	2007	2008
Taka in million						
Authorized Capital	500.00	500.00	500.00	500.00	500.00	500.00
Issued & Paid Capital	66.00	250.00	250.00	250.00	250.00	250.00
Current Assets	366.03	342.41	552.61	763.11	1,190.59	1,494.80
Tangible Fixed Assets (Gross)	191.05	325.69	357.18	377.83	442.50	555.63
Shareowners' Equity	264.03	383.85	461.48	528.74	594.27	808.04
Turnover (Net)	649.77	716.85	807.10	923.86	1,383.12	2,093.47
Gross Profit	118.94	188.97	175.14	180.56	212.19	405.46
Profit Before Tax	90.58	88.81	109.97	102.96	112.91	271.36
Profit After Tax	77.44	64.75	77.62	67.27	65.53	203.29
Dividend	66.00	150.00	-	-	-	75.00
Current Ratio (Times)	1.46	2.10	1.82	1.72	1.40	1.51
Quick Ratio (Times)	0.69	0.94	1.00	0.95	0.93	0.78
Return on Equity (%)	29.00	17.00	17.00	13.00	11.00	14.00
Inventory Turnover (Times)	3.09	2.76	2.89	2.52	3.16	3.02
Debtors Turnover (Times)	5.60	5.11	4.25	2.97	2.52	2.91
Fixed Assets Turnover (Times)	4.25	2.63	2.82	3.22	4.20	5.01
Net Asset Per Share (Taka)	20.00	17.45	18.45	21.14	23.77	32.32
Market Price Per Share (Taka)	n/a	n/a	n/a	n/a	n/a	194.60
Earnings Per Share (Taka)	5.87	2.94	3.10	2.69	2.62	8.13
Dividend Per Share (Taka)	10.00	11.00	-	-	-	3.00
Dividend Rate (%)	100.00	110.00	-	-	-	30.00
Dividend Payout Ratio (%)	170.36	374.15	-	-	-	36.90
Price Earnings Ratio (Times)	n/a	n/a	n/a	n/a	n/a	23.94
Dividend Yield (%)	n/a	n/a	n/a	n/a	n/a	1.54
Number of Employees	119.00	134.00	134.00	139.00	163.00	271.00

Analysis of Turnover (%)



Comparison of Turnover & Costs over last year

	2008	%	2007	%
Turnover (Gross)	2,093.47	100	1,383.12	100
Cost of Materials	1,434.36	68.52	964.48	69.73
Salaries, Wages & Benefits paid to employees	60.54	2.89	41.77	3.02
Expenses	229.90	10.98	179.15	12.95
Duties & Taxes paid to Government Exchequer	165.38	7.90	132.19	9.56
Profit	203.29	9.71	65.53	4.74
Total	2,093.47	100.00	1,383.12	100.00



Message from the Chairman



We look forward to a bright future for the Company and adequate returns for its shareowners

Dear Shareowners,

Assalamu Alaikum,

I welcome you to this 13th AGM which is the first one after we have been listed as a Public Limited Company through Direct Listing. We are the second Company in Bangladesh to get listed at the stock exchanges through this process. We are indeed happy to find good support from the investors for our shares. Our parent company ACI has off-loaded some shares and they are expected to off-load more shares over the course of a year.

Business has been good and the financial results are better than expected.

We are in the process of formulating our Mission and Vision Statements. We will shortly adopt the Principles of Global Compact, a UN initiated doctrine for good governance. We will also apply for certification under ISO 9001-2000 Quality Management System and ISO 14001 for Environmental Management System.

We look forward to a bright future for the Company and adequate returns for its shareowners.

I thank the employees on your behalf for having done a commendable job and I thank the Directors of the Board for their support and guidance which have been extremely helpful.

Yours Sincerely,

M Anis Ud Dowla
Chairman

Corporate Governance

ACI Formulations Board of Directors is committed to meeting the highest standard of corporate governance and disclosure. The Directors are conscious of their responsibilities in supervision and direction of the affairs of the Company in conformity with the practices of sound corporate governance. In fulfillment of those responsibilities the Directors have set for themselves the principles that will be followed in their own involvement in the oversight function and in setting up clear guidelines for the executive management.

Composition of the Board

The Board presently consists of 7 members drawn from amongst the major shareowners, business professionals. Mr. M Anis Ud Dowla currently occupies the position of the Chairman and Managing Director of the Board.

Role of the Board

The Board is the highest level of authority of the Company to oversee its operation through appropriate delegation, reporting and control.

Responsibility of the Board

The Directors hold the ultimate responsibility of conducting the activities of the Company in accordance with the law and in the interest of its shareowners and other stakeholders, keeping in view the long-term interest of the Company.

Functioning of the Board

The Board is required under the law to meet at least once in three months. The number of Board Meetings held in 2008 was seven. The Directors are kept informed of the results and the major activities through distribution of monthly statements and quarterly reporting by the Managing Director. The Board agenda includes financial results, consideration of major investments, new business initiatives, borrowings, liquidity etc. in addition to statutory approvals.

Audit Committee

The Board has set up a 3-member Audit Committee with Mr. C M Murshed as its Chairman.

Management through People

The Board has approved the organogram of the Company. The Board is kept informed of the goals and targets of the Company and takes account of the financial performance on a quarterly basis.

Empowerment of People

The Board has given clear guidelines to the Managing Director to ensure that there is appropriate delegation of authority and clear statement of accountability of the management staff all the way down to the Supervisory level and that performance of the individual is judged on the basis of clearly set measurable goals and through objective assessment of their achievement.

Internal Control

The Managing Director has to satisfy the Board that adequate internal checks and controls are in place through appropriate MIS and employment of Internal Audit team to check and validate the expenses and the systems in operation.

Reporting and Communication

The Managing Director reviews and approves the strategic plans every quarter. He also reviews monthly report and commentary on the sales and financial performance of the business from the heads of businesses and the activities of the functional and service heads. An elaborate MIS system is in place.





Report of the Directors' to the Shareowners

Despite the recession that has hit worldwide, 2008 was a successful year for ACI Formulations Limited (ACIFL). ACIFL has achieved a consolidated turnover of Tk. 2,093 million for the year ending 2008, which represents a growth of 51% from 2007. All three business segments in ACIFL enjoyed impressive growth rates in 2008. The respective growth rates for each of the business segments Crop Care and Public Health, Mosquito Coil and Aerosol were 58.68%, 45.76% and 35.16% respectively.

The Profit after Tax for ACIFL in the year 2008 was Tk. 203 Million, which represents a growth of 210% over 2007. The respective growth rates in operating profit for the three business segments Crop Care and Public Health, Mosquito Coil and Aerosol were 148%, 43% and 41% respectively.

The growth in both turnover and profit after tax was driven by commitment of ACIFL to contribute

significantly to the food security and public health of Bangladesh. To improve food production, farmers need access to proper crop protection measures along with right agricultural practices. ACIFL has ensured complete solution for crop protection measures for the farmers. ACIFL is providing farmers both the required knowledge and skills and the products to bring about an improvement in yield, quality and productivity.

To this day, ACIFL is the organized and professional business house contributing to food security. Our team of technically sound and dedicated field forces all around the country is assisting the farmers to improve agricultural practices and educating farmers with appropriate agricultural knowledge. Such steps have made ACIFL the right choice for farmers and thereby a dominant player in the crop protection sector.



ACIFL is also engaging in a lot of Research and Development geared towards product development in order to provide newer and improved products to the farmers. A sulphur WDG manufacturing plant is under erection and commissioning, which is expected to take care of the sulphur requirements of farmers. Previously sulphur had to be imported, but with this plant farmers will get cost advantage and the availability of sulphur in the market will increase.

To further improve market share and sales turnover, three new business projects have been undertaken.

- **Herbicide project** - Currently, we are catering for 34.80% of total market share for herbicide which is worth around Tk. 300 million. By implementing this project, we expect our turnover and market share to increase significantly.
- **Liquid insecticide project** - Currently, we are catering for 5.60% of total market share for liquid insecticide which is worth around Tk. 300 million. By implementing this project, we expect our turnover to increase significantly by 2012.
- **Fungicide project** - Recently, we are catering for 11% of total fungicide market and 16.70% of rice fungicide market. By implementing this project, we expect our turnover to increase considerably.

ACIFL has brought about significant product development by introducing mosquito repellents in the forms of aerosols, coils and household chemicals like toilet cleaners and air fresheners.

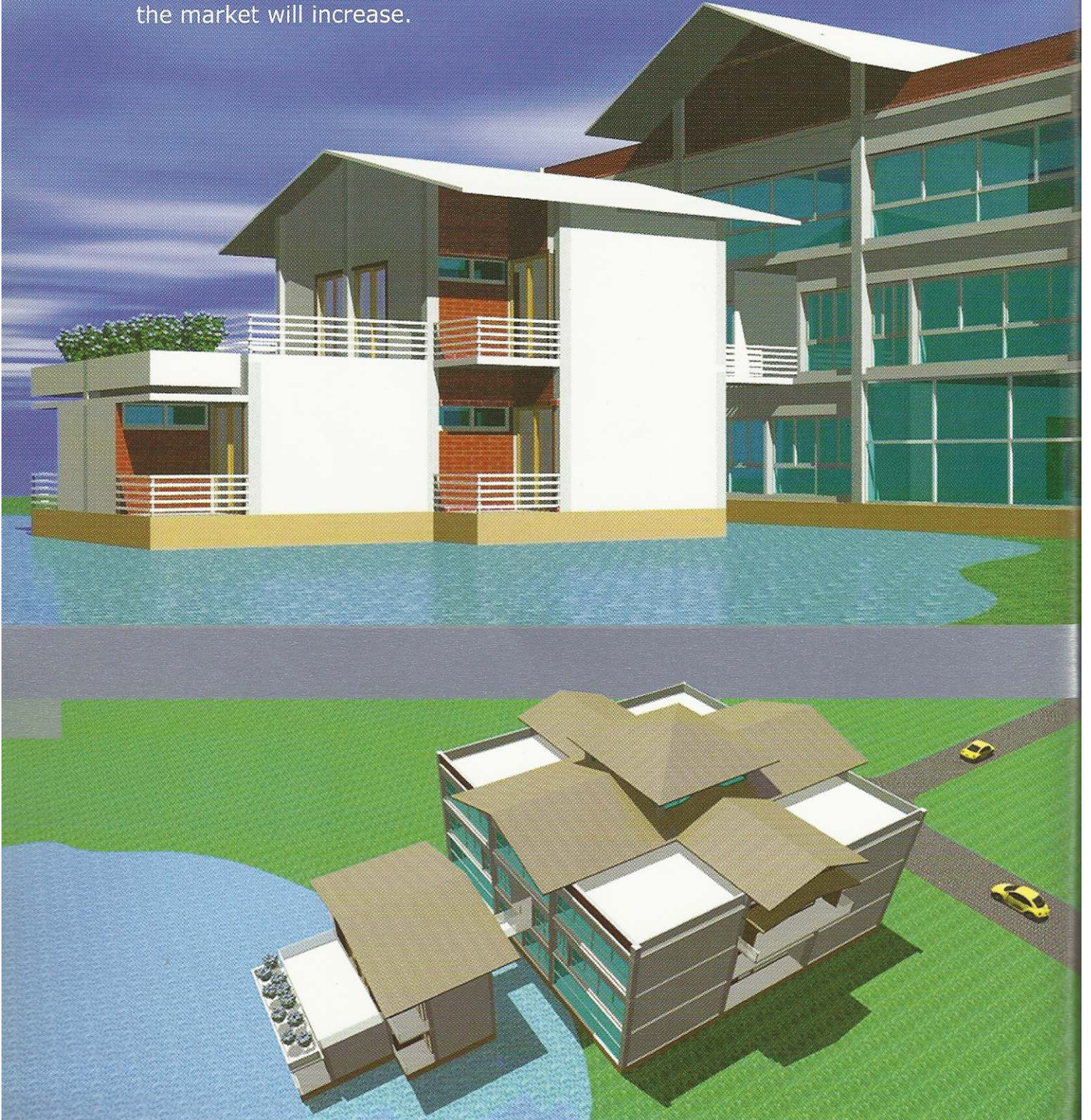
In collaboration with Rural Development Academy in Bogra has undertaken programmes to test the efficacy of different pesticides including botanical and bio-pesticides.

We are working closely with our suppliers who have strong Research and Development (R&D) wings very careful in choosing our suppliers so that the quality of our products is never compromised and our suppliers are aware of the high standards they have to maintain in order to continue doing business with us. The raw materials used by the company are mainly basic chemicals, auxiliary, solvents and emulsifiers. The raw materials are both locally procured and imported.





A sulphur WDG manufacturing plant is under erection and commissioning, which is expected to take care of the sulphur requirements of farmers. Previously sulphur had to be imported, but with this plant farmers will get cost advantage and the availability of sulphur in the market will increase.





Production efficiency in ACIFL has been very satisfactory with high percentage yields and low rejection rates. Some products have even exceeded their production targets. The yields of the products were for Granular 98.55%, Powder 99.62%, Aerosol 91.45%, Liquid 99.76% and Coil 99.90%.

The percentages of products rejected for Mosquito Coil Unit and Aerosol Unit were 0.0156% and 0% respectively.

The attitude of ACIFL towards quality is reflected through the establishment of two quality control laboratories within the factory premises and its own effluent treatment plant as per the country regulations.

With a view to avoid possible health hazards, ACIFL is planning to upgrade its semi-automated plant and equipment (which needs human intervention) to using a fully automated plant and equipment. ACIFL takes rigorous steps to look after the health of the factory workers through conducting safety inspections, dress washes, and quarterly Crop Care and Public Health (CC & PH) unit blood test.

ACIFL is also very much active in enhancing the human capital of workers through various training programmes on a variety of topics ranging from focused, skill based programmes to highly interactive leadership development session. There was an on-the-job Training in Quality Coil Industries Limited and Sumitomo Chemical Company at Malaysia. The objective of the trip was to increase the technical know-how about the practices involving the manufacturing of mosquito coils and aerosol.





Financial Results

In 2008, turnover increased to Tk. 2,093 million from Tk. 1,383 million of 2007, an increase of Tk. 710 million, resulting into 51 percent growth over the last year. The cost of sales to turnover has decreased by 4.03% due to increased sales price and drop in raw materials price. Higher turnover coupled with lower cost of sales contributed to the increase of gross profit by 91% over the last year. Profit after tax has also increased to Tk. 203 million from Tk. 65.53 million of 2007 which is higher by 210 percent mainly due to increased gross margin added by reduced administrative and selling expenses and partially offset by increased financing cost. Earnings Per Share (EPS) has also increased by 210 percent to Tk. 8.13 from Tk. 2.62 (2007) per share bearing the face value of Tk. 10 each.

Appropriation of profit

Considering the financial results of the company during the year and free reserve carried over, the Directors recommended appropriation of net profit as follows:

	2008
Un-appropriated profit from previous year	Tk. 278,771,668
Add: Net profit after tax for the year	Tk. 203,289,391
Total available for appropriation	Tk. 482,061,059

Appropriation proposed:

Proposed dividend:

Cash dividend	Tk. 25,000,000
Stock dividend	Tk. 50,000,000
Total dividend	Tk. 75,000,000

Balance carried forward	Tk. 407,061,059
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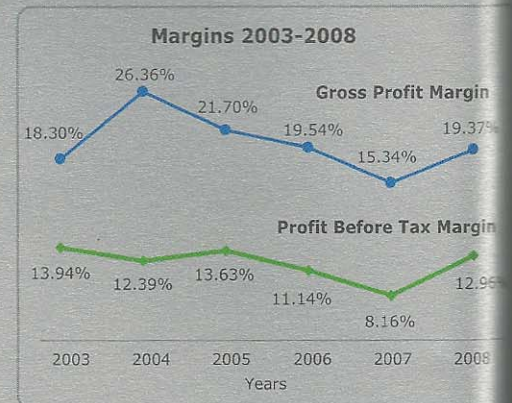
With the balance carried forward in this year and with future ploughing back of part of the profit, directors are confident that company will be able to maintain consistent dividend policy in years to come.

Dividend

The Board of Directors is pleased to recommend declaration of dividend @ 30% which include Tk. 1.00 per share of Taka 10 (10%) as cash dividend and 20% stock dividend or 1 share against 5 shares held for the year 2008 to those shareowners whose names will appear in the Share Register of Members of the Company or in the Depository on the Record Date which is Monday, 18th May 2009.

Contribution to the National Exchequer

During 2008, the company contributed Tk. 165.38 million to the National Exchequer in the form of corporate tax, custom duty, VAT etc. This is equivalent to 8 percent of our net sales revenue for the year.



A. Statutory Information

In compliance with the SEC guidelines' condition no.- 1.4 the Directors confirm that:

- (a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (b) Proper books of account of the Company have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement.
- (d) International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the Company's ability to continue as a going concern.
- (g) Significant deviations from last year in operating results of the Company have been highlighted in the Report and reasons thereof have been explained.
- (h) Key operating and financial data of preceding six years has been provided.
- (i) The company is declaring the dividend regularly.
- (j) The number of Board meetings held during the year and attendance by each Director is given in annexure-I.
- (k) The pattern of share holding is given in annexure-II.

B. Status of Compliance

The status of the compliance as per SEC guidelines' condition no.-5.0 is given in annexure- III

Election of Director

By operation of Article 47 of the Company's Articles of Association, Dr. Arif Dowla and Dr. F H Ansarey retire by rotation and being eligible, offer themselves for re-election.

Independent Director

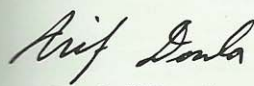
The Board in its meeting held on 03.02.2009

appointed Mr. C. M. Murshed former Ambassador as an Independent Director as per SEC guidelines.

Auditors

Our Auditor Messrs Rahman Rahman Huq, Chartered Accountants has sought re-appointment for the year 2009 and the Directors recommend their re-appointment.

On behalf of the Board



Dr. Arif Dowla

Director



Dr. F H Ansarey

Director

**Attendance of Board meetings**

During the year seven Board meetings were held and the attendance by each Director was as follow:

Name	No. of Meeting Attended
Mr. M Anis Ud Dowla	7
Mrs. Najma Dowla	7
Dr. F H Anseray	6
Dr. Arif Dowla	7
Ms. Shusmita Anis Salam	5
Mr. Wajed Salam	on leave of absence
Ms. Sheema Abed Rahman	7

Pattern of Shareholding

As per SEC guideline condition no -1.4(k), the pattern of share holding status as on 31 December 2008 is given below:

1.4 (K) (i) Held by Parent/ Subsidiary/ Associates and other related parties:

Name	Position	No of shares
ACI Limited	Parent	16,470,350

1.4 (K) (ii) Held by Directors, Chief Executive Officer, Company Secretary, and Chief Financial Officer etc.:

Name	Position	No of shares
Mr. M Anis Ud Dowla	Chairman and Managing Director	2,502,500
Mr. M Anis Ud Dowla - representing ACI Ltd.	Director	16,470,350
Mrs. Najma Dowla	Director	2,500
Dr. Arif Dowla	Director	1,000
Ms. Shusmita Anis Salam	Director	1,000
Mr. Wajed Salam	Director	1,000
Dr. F H Ansarey	Director	752,500
Ms. Sheema Abed Rahman	Company Secretary and Director (Resigned on 03.02.2009)	1,000
Mr. C. M. Murshed	Director (Joined on 03.02.2009)	-

1.4 (K) (iii) Held by Executive - No shares held by such executive

1.4 (K) (iv) Held by Shareowners holding ten percent or more voting right:

Name	Position	No of shares	(%)
ACI Limited	Parent	16,470,350	65.88
Mr. M Anis Ud Dowla	Chairman and Managing Director	2,502,500	10.01


Status of Compliance

Status of compliance with the condition imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/Admin/dated 20th February, 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969

Condition No	Title	Compliance Status		Explanation for non-compliance with the condition
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
1.1	Number of the Board members of the company should not be less than 5 and more than 20.	✓		
1.2(i)	Number of Independent Directors should be at least 1/10 of the total number of Company's Board of Directors.	✓		
1.2(ii)	Independent Directors should be appointed by the elected directors.	✓		
1.3	Chairman of the Board and Chief Executive Officer should preferably be filled by different individuals.		✓	
1.4(a)	Fair presentation of Financial Statements.	✓		
1.4(b)	Maintenance of Proper books of accounts.	✓		

1.4(c)	Appropriate Accounting Policies applied consistently.	✓		
1.4(d)	International Accounting Standards, as applicable in Bangladesh have been followed in preparing the Financial Statements.	✓		
1.4(e)	Sound and Effective Internal Control System.	✓		
1.4(f)	Ability to continue as going concern.	✓		
1.4(g)	Significant deviations from last year in operating results.	✓		
1.4(h)	Summary of Key operating and financial data.	✓		
1.4(i)	If dividend has not been declared, the reasons thereof.	✓		
1.4(j)	Number of Board Meetings held during the year and attendance by each director.	✓		
1.4(k)	Pattern of share holding.	✓		
2.1	Appointment of a CFO, a Head of Internal Audit and a Company secretary.	✓		
2.2	Attend the Board meeting by CFO and Company Secretary.	✓		
3	Constitution of Audit Committee.	✓		
3.1(i)	The Audit Committee should be composed of at least 3 members.	✓		
3.1(ii)	Members of Audit Committee should be appointed by the Board who are directors and one should be Independent Director.	✓		
3.1(iii)	Board of Directors should fill up the vacancy within one month of the vacancy in the Audit Committee.	✓		
3.2(i)	Board of Directors should select one member of the Audit Committee as Chairman of the Audit Committee.	✓		
3.2(ii)	Chairman of the Audit Committee should have a professional qualification or knowledge, understanding and experience in accounting or finance.	✓		
3.3.1(i)	Activities of the audit committee to the Board of Directors.	✓		
3.3.1(ii)(a)	Report on conflict of interest.	✓		
3.3.1(ii)(b)	Report on Fraud or irregularity or material defect in internal control system.	✓		
3.3.1(ii)(c)	Report on infringement of laws, including security related laws, rules and regulations.	✓		
3.3.1(ii)(d)	Report on any other matter which should be disclosed to the Board of Directors' immediately.	✓		
3.3.2	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has impact on the financial condition and results of operation and being ignored by the Board of Directors, the Audit Committee should report such findings to the Commission.	✓		
3.4	Reporting to the Shareholders: Report on activities carried by the Audit Committee including any report made to the Board of Directors under condition 3.3.1 (ii) and the disclosure of which should be made in the annual report.	✓		
4.00(i)	Appraisal or valuation services or fairness opinions.	✓		
4.00(ii)	Financial information system design and implementation.	✓		
4.00(iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4.00(iv)	Broker-dealer services.	✓		
4.00(v)	Actuarial services.	✓		
4.00(vi)	Internal audit services.	✓		
4.00(vii)	Any other service that the Audit Committee determines.	✓		

On behalf of the Board



Dr. Arif Dowla

Director



Dr. F H Ansarey

Director



আমাদের লক্ষ্য কোম্পানীর

উজ্জ্বল ভবিষ্যৎ এবং

শেয়ারমালিকবৃন্দের বিনিয়োগের

যথাযথ প্রতিদান নিশ্চিত করা।

প্রিয় শেয়ারমালিকবৃন্দ,

আসসালামু ওয়ালাইকুম।

কোম্পানীর ১৩তম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাচ্ছি। স্টক এক্সচেঞ্জে সরাসরি নথিভুক্ত হওয়ার পর এটাই আমাদের প্রথম বার্ষিক সাধারণ সভা। আমরা এভাবে নথিভুক্ত হওয়া বাংলাদেশের ২য় কোম্পানী। আমাদের শেয়ারের ব্যাপারে বিনিয়োগকারীদের সমর্থন পেয়ে আমরা সত্যিই আনন্দিত। আমাদের মূল কোম্পানী-এসিআই, এসিআই ফর্মুলেশনস্‌র কিছু শেয়ার বাজারে ছেড়েছে এবং সামনের বছরগুলোতে আরও কিছু শেয়ার ছাড়বে বলে আমরা আশা রাখি।

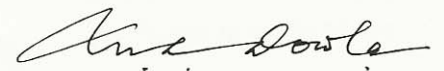
আমাদের ব্যবসা ভাল হয়েছে এবং ব্যবসায়িক ফলাফল প্রত্যাশাকে ছাড়িয়ে গেছে।

আমরা, আমাদের Mission এবং Vision স্থির করার লক্ষ্যে কাজ করছি। কোম্পানী সঠিকভাবে পরিচালনার জন্য খুব শীঘ্রই আমরা জাতিসংঘ নির্দেশিত কর্পোরেট সুশাসন নীতিমালা, Principles of Global Compact, অনুসরণ করতে যাচ্ছি। এছাড়াও গুণগত ব্যবস্থাপনার জন্য ISO 9001-2000 এবং পরিবেশগত ব্যবস্থাপনার জন্য ISO 14001 সনদের জন্য আমরা আবেদন করব।

আমাদের লক্ষ্য কোম্পানীর উজ্জ্বল ভবিষ্যৎ এবং শেয়ারমালিকবৃন্দের বিনিয়োগের যথাযথ প্রতিদান নিশ্চিত করা।

আপনাদের পক্ষ থেকে আমি কর্মীদেরকে তাদের প্রশংসনীয় অবদানের জন্য ধন্যবাদ জানাতে চাই। সেইসাথে আমি পরিচালকমন্ডলীকে তাদের সমর্থন এবং সঠিক নির্দেশনার জন্য ধন্যবাদ জানাই, যা কোম্পানীর জন্য অত্যন্ত সহায়ক ছিল।

আপনাদের বিশ্বস্ত,



এম আনিস উদ্ দৌলা
চেয়ারম্যান

শেয়ার মালিকবৃন্দের প্রতি পরিচালককমন্ডলীর প্রতিবেদন

বিশ্বব্যাপী অর্থনৈতিক মন্দা সত্ত্বেও এসিআই ফর্মুলেশনস্‌র জন্য ২০০৮ ছিল সাফল্যের বছর। ২০০৮ সালে বছর শেষে এসিআই ফর্মুলেশনস্‌র সর্বমোট আয় ছিল ২,০৯৩ মিলিয়ন টাকা। ২০০৭-এর তুলনায় আমাদের বিক্রয় প্রবৃদ্ধি ছিল ৫১%। এসিআই ফর্মুলেশনস্‌র তিনটি ব্যবসা শাখাই ২০০৮ সালে উল্লেখযোগ্য প্রবৃদ্ধি অর্জন করেছে। এই তিনটি ব্যবসা শাখার মধ্যে গ্রুপ কেয়ার এন্ড পাবলিক হেলথ ৫৮.৬৮%, মশার কয়েল ৪৫.৭৬% এবং এরোসল ৩৫.১৬% প্রবৃদ্ধি অর্জন করেছে।

২০০৮ সালে এসিআই ফর্মুলেশনস্‌র কর পরবর্তী মুনাফা হয়েছে ২০৩ মিলিয়ন টাকা যা ছিল ২০০৭ সালের চেয়ে ২১০% বেশি। গ্রুপ কেয়ার এন্ড পাবলিক হেলথ, মশার কয়েল এবং এরোসলের অপারেটিং মুনাফার প্রবৃদ্ধির হার হচ্ছে যথাক্রমে ১৪৮%, ৪৩% এবং ৪১%।

বাংলাদেশের খাদ্য ঘাটতি দূরীকরণ এবং জনস্বাস্থ্য উন্নয়নের অঙ্গীকারই ছিল এসিআই ফর্মুলেশনস্‌র এই সর্বমোট আয় এবং কর পরবর্তী মুনাফা অর্জনের পেছনে মূল চালিকাশক্তি। খাদ্য উৎপাদন বাড়ানোর জন্য কৃষকদের প্রয়োজন সঠিক চাষ পদ্ধতির সাথে সাথে সঠিক শস্য সুরক্ষা পদ্ধতি। এসিআই ফর্মুলেশনস্‌ কৃষকদের জন্য সম্পূর্ণ শস্য সুরক্ষা পদ্ধতি সরবরাহ করেছে। শস্যের উৎপাদন, মান এবং উৎপাদনশীলতার উন্নয়নের জন্য এসিআই ফর্মুলেশনস্‌ কৃষকদের প্রয়োজনীয় জ্ঞান, দক্ষতা এবং পণ্য সরবরাহ করছে।

আজ এসিআই ফর্মুলেশনস্‌ একটি সংগঠিত এবং পেশাদার ব্যবসা প্রতিষ্ঠান যা দেশের খাদ্য নিরাপত্তা নিশ্চিত করার জন্য অবদান রেখে চলেছে। সারাদেশে আমাদের দক্ষ এবং নিবেদিত মাঠকর্মীরা কৃষকদের কৃষিভিত্তিক প্রযুক্তি প্রয়োগে সাহায্য করছে এবং তাদেরকে যথাযথ কৃষিভিত্তিক জ্ঞান দান করছে। এসব কর্মকাণ্ড এসিআই ফর্মুলেশনস্‌কে কৃষকদের কাছে সর্বাপেক্ষা গ্রহণযোগ্য করেছে এবং এভাবেই এসিআই ফর্মুলেশনস্‌ শস্য সুরক্ষাখাতে শক্তিশালী অবস্থান নিশ্চিত করেছে।

কৃষকদের কাছে নতুন এবং উন্নত পণ্য সরবরাহের লক্ষ্যে এসিআই ফর্মুলেশনস্‌ পণ্য উন্নয়ন বিষয়ক প্রচুর গবেষণা ও উন্নয়নমূলক কাজে নিয়োজিত রয়েছে। কৃষকদের সালফারের প্রয়োজন মেটানোর লক্ষ্যে একটি Sulpher WDG উৎপাদন কারখানা স্থাপনের কাজ চলছে যার মাধ্যমে কৃষকদের সালফারের প্রয়োজন মিটানোর আশা রাখি। বর্তমানে সালফার আমদানী করতে হয়, কিন্তু এই প্লান্ট চালু হলে বাজারে সালফারের সরবরাহ বাড়বে এবং কৃষকরা কম মূল্যে সালফার পাবে।

বাজার অংশীদারিত্ব এবং বিক্রয়লব্ধ আয় আরও বাড়ানোর লক্ষ্যে তিনটি নতুন ব্যবসা প্রকল্প খোলা হচ্ছে :

- **আগাছানাশক প্রকল্প :** বর্তমানে আমরা ৩০০ মিলিয়ন টাকা মূল্যের আগাছানাশক বাজারজাত করছি, যা বাজারের ৩৪.৮% চাহিদা পূরণ করছে।

- **তরল কীটনাশক প্রকল্প :** সম্প্রতি বাজারের তরল কীটনাশক চাহিদার ৫.৬০% আমরা পূরণ করছি, যার মূল্য ৩০০ মিলিয়ন টাকা।

- **ছত্রাকনাশক প্রকল্প :** আমরা মোট ছত্রাকনাশকের ১১% এবং ধানের ছত্রাকনাশকের ১৬.৭০% বাজার অংশীদারিত্ব অর্জন করছি।

এই প্রকল্পগুলো বাস্তবায়িত হলে আমরা আশা করি আমাদের বিক্রয়লব্ধ আয় এবং বাজার অংশীদারিত্ব উল্লেখযোগ্য ভাবে বৃদ্ধি করতে পারবো।

এসিআই ফর্মুলেশনস্‌ পণ্য উদ্ভাবনে সর্বদা সচেষ্ট। মশা নিরোধক হিসাবে এরোসল, কয়েল এবং গৃহস্থালীর প্রয়োজনীয় রাসায়নিক পদার্থ হিসাবে টয়লেট ক্লিনার ও এয়ার ফ্রেশনারের বাজারজাতকরণ এর উল্লেখযোগ্য প্রমাণ।

বগুড়ায় অবস্থিত পল্লী উন্নয়ন একাডেমীর সহযোগিতায় ফর্মুলেশনস্‌-এ উৎপাদিত বিভিন্ন কীটনাশকের কার্যকারিতা পরীক্ষা করা হচ্ছে।

আমরা অত্যন্ত সতর্কতার সাথে কাচামাল সরবরাহকারী নির্বাচন করি। শুধুমাত্র তাদেরকেই আমরা বাছাই করি, যাদের শক্তিশালী Research and Development (R&D) ব্যবস্থা আছে। কেননা আমরা আমাদের পণ্যের গুণগতমান নিয়ে কোন আপোষ করি না। আমাদের কাচামাল সরবরাহকারী প্রতিষ্ঠানগুলোও এ ব্যাপারে অত্যন্ত সচেতন, কেননা তারা জানে উচ্চ গুণগত মানসম্পন্ন কাচামাল ব্যতীত আমাদের সাথে ব্যবসা করা সম্ভব নয়। কাচামাল হিসাবে আমরা কিছু মৌলিক রাসায়নিক পদার্থ, সাহায্যকারী, দ্রাবক এবং সংযুক্তকারক ব্যবহার করি, যার কিছু দেশের ভিতর থেকে সংগ্রহ করা হয় আর কিছু বাইরে থেকে আমদানী করা হয়।

এসিআই ফর্মুলেশনস্‌র উৎপাদন কার্যকারিতা অত্যন্ত সন্তোষজনক, কারণ এর উৎপাদনশীলতা বেশী এবং উৎপাদনজনিত অপচয় হারও কম। এমনকি কিছু কিছু পণ্য উৎপাদনের লক্ষ্যমাত্রা ছাড়িয়ে যায়। থান্যুউলার, পাউডার, এরোসল, লিকুইড এবং কয়েলের উৎপাদনশীলতার হার ছিল যথাক্রমে ৯৮.৫৫%, ৯৯.৬২%, ৯১.৪৫%, ৯৯.৭৬% এবং ৯৯.৯০%।

মশার কয়েল এবং এরোসলের উৎপাদনজনিত অপচয় হার যথাক্রমে ০.০১৫৬% এবং ০%।

দুইটি অভ্যন্তরীণ মান নিয়ন্ত্রণ গবেষণাগার এবং দেশের বিধিসম্মত দূষিত বর্জ্য শোধনাগার স্থাপন - এসিআই ফর্মুলেশনস্‌র গুণগত মানের প্রতি কঠোর দৃষ্টিভঙ্গির বহিঃপ্রকাশ।

সম্ভাব্য স্বাস্থ্য ঝুঁকি এড়াতে এসিআই ফর্মুলেশনস্‌কে semi-automated প্লান্ট থেকে automated প্লান্টে রূপান্তরিত করা হবে। এসিআই ফর্মুলেশনস্‌, ফ্যাক্টরী কর্মচারীদের সু-স্বাস্থ্য নিশ্চিত করতে ব্যাপক পদক্ষেপ নিয়েছে যার মধ্যে রয়েছে নিরাপত্তা



পর্যবেক্ষন, পোষাক ধৌতকরন, এবং Crop Care and Public Health (CC & PH) ইউনিটের কর্মচারীদের পাক্ষিক রক্তপরীক্ষা।

এসিআই ফর্মুলেশনস্ বিভিন্ন প্রকার প্রশিক্ষণের মাধ্যমে মানব সম্পদ উন্নয়নেও সক্রিয়ভাবে কাজ করে যাচ্ছে যার পরিধি বিশেষ দক্ষতা বৃদ্ধি থেকে নেতৃত্ব দান প্রশিক্ষণ পর্যন্ত বিস্তৃত। মালয়েশিয়ায়

অবস্থিত কোয়ালিটি কয়েল ইন্ডাস্ট্রিজ লিমিটেড এবং সুমিতোমো কেমিক্যাল কোম্পানীতে আমরা আমাদের কর্মচারীদের ব্যবহারিক প্রশিক্ষণ নিতে পাঠিয়েছি।

আমাদের এই প্রশিক্ষণের উদ্দেশ্য ছিল মশার কয়েল এবং এরোসল তৈরীর উন্নত কারিগরী প্রযুক্তি সম্পর্কে তাদের হাতে-কলমে প্রশিক্ষণ দান।

আর্থিক ফলাফল

২০০৮ সালে কোম্পানীর বিক্রয়লব্ধ অর্থ দাঁড়িয়েছে ২,০৯৩ মিলিয়ন টাকা যা ২০০৭ সালে ছিল ১,৩৮৩ মিলিয়ন টাকা। ফলশ্রুতিতে বিক্রয়লব্ধ অর্থ বৃদ্ধি পেয়েছে ৭১০ মিলিয়ন টাকা এবং বিক্রয় প্রবৃদ্ধি হয়েছে ৫১%। কাচামালের মূল্য হ্রাস এবং বিক্রয় বৃদ্ধির ফলে ২০০৮ সালে বিক্রিত পণ্যের ব্যয় ২০০৭ সালের তুলনায় ৪.০৩% কম ছিল। ২০০৮ সালের নীট মুনাফা হচ্ছে ২০৩ মিলিয়ন টাকা যা ২০০৭ সালে ছিল ৬৫.৫৩ মিলিয়ন টাকা ফলে পূর্ববর্তী বছরের তুলনায় নীট মুনাফা ২১০% বেশী। নীট মুনাফার এই উল্লেখযোগ্য প্রবৃদ্ধির কারন হচ্ছে মূলত মোট মুনাফা বৃদ্ধি এবং প্রশাসনিক ও বিক্রয় ব্যয় হ্রাস। ২০০৮ সালে শেয়ার প্রতি আয় বেড়ে ৮.১৩ টাকা হয়েছে যা ২০০৭ সালে ছিল ২.৬২ টাকা।

মুনাফা বন্টনঃ বিগত বছরের অর্থনৈতিক ফলাফল পর্যালোচনা এবং ফ্রি রিজার্ভের আলোকে পরিচালকমন্ডলী নীট মুনাফার নিম্নলিখিত বন্টন সুপারিশ করেছেনঃ

বিগত বছরের অবন্টিত মুনাফা	ট ২৭৮,৭৭১,৬৬৮
যোগঃ কর পরবর্তী মুনাফা	ট ২০৩,২৮৯,৩৯১
সর্বমোট বন্টনযোগ্য তহবিল	ট ৪৮২,০৬১,০৫৯
প্রস্তাবিত লভ্যাংশ	
নগদ লভ্যাংশ	ট ২৫,০০০,০০০
শেয়ার লভ্যাংশ	ট ৫০,০০০,০০০
সর্বমোট লভ্যাংশ	ট ৭৫,০০০,০০০
অবন্টিত স্থিতি	ট ৪০৭,০৬১,০৫৯

এ বছরের স্থিতি এবং আগামীতে লভ্যাংশের অংশ বিশেষ বিনিয়োগের মাধ্যমে ধারাবাহিক ডিভিডেন্ড পলিসি বজায় রাখতে পারবে বলে পরিচালকমন্ডলী আস্থাশীল।

লভ্যাংশঃ পরিচালকমন্ডলী আনন্দের সাথে ২০০৮ সালে ৩০% লভ্যাংশ প্রদানের সুপারিশ করছে। এর মধ্যে নগদ লভ্যাংশ হচ্ছে ১০% এবং বোনাস শেয়ার হচ্ছে ২০%। ১৮ই মে ২০০৯ এর বুক ক্লোজারের সময় যে সকল শেয়ার মালিকগনের নাম কোম্পানী সদস্যদের শেয়ার রেজিস্টারে বা ডিপজিটরীতে অন্তর্ভুক্ত থাকবে তারা এই লভ্যাংশ পাবে।

জাতীয় রাজস্ব আয়ে অবদানঃ কোম্পানী ২০০৮ সালে কর্পোরেট কর, আবগারী শুল্ক, উন্নয়ন সারচার্জ ও ভ্যাট বাবদ ১৬৫.৩৮ মিলিয়ন টাকা জাতীয় রাজস্ব খাতে প্রদান করেছে। এটি বছরের মোট বিক্রয়লব্ধ আয়ের ৮%।

পরিচালকমন্ডলীর নির্বাচন

কোম্পানীর আর্টিকেলস্ অফ এসোসিয়েশন এর ৪৭ অনুচ্ছেদ অনুসারে ডঃ আরিফ দৌলা এবং ডঃ এফ এইচ আনসারী পর্যায়ক্রমে অবসর গ্রহন করেছেন এবং যোগ্যতার ভিত্তিতে তাঁদের পুনর্নির্বাচনে প্রস্তাব রাখছেন।

পরিচালকমন্ডলীর পক্ষে

ড. আরিফ দৌলা

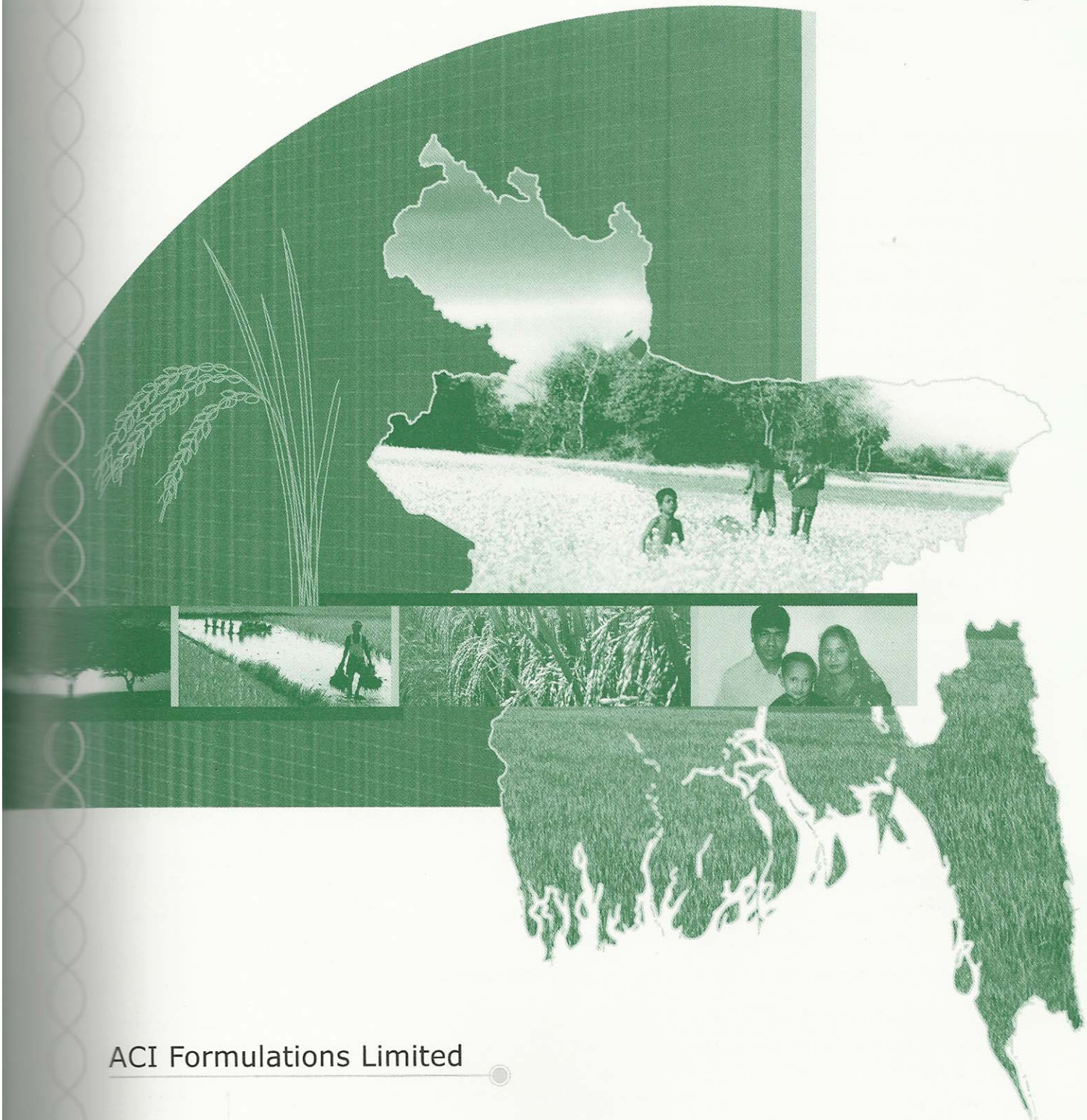
পরিচালক

অডিটর

আমাদের অডিটর মেসার্স রহমান রহমান হক, চার্টার্ড একাউন্টেন্টস ২০০৯ সালের জন্য তাদের পুনর্নিয়োগ চেয়েছেন এবং পরিচালকমন্ডলী তাদের পুনর্নিয়োগ প্রস্তাব রাখছেন।

ডঃ এফ এইচ আনসারী

পরিচালক



ACI Formulations Limited

Report and Audited Financial Statements for the year ended 31 December 2008



Auditors' Report to the Shareowners of ACI Formulations Limited

We have audited the accompanying balance sheet of ACI Formulations Limited (the "Company") as of 31 December 2008 and the related profit and loss account, cash flow statement, statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes thereon. The preparation of these financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and Bangladesh Accounting Standards (BASs), give a true and fair view of the state of the Company's affairs as of 31 December 2008 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c. the Company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account; and
- d. the expenditure incurred were for the purpose of the Company's business.

Dhaka, 28 April 2009



ACI Formulations Limited

Balance Sheet

as at 31 December 2008

	Notes	2008 Taka	2007 Taka
Assets			
Property, plant and equipment	4		
At cost/revaluation		446,624,282	386,982,537
Less: Accumulated depreciation less impairment loss		138,009,528	113,364,906
		308,614,754	273,617,631
Capital work-in-progress	5	109,005,278	55,520,930
Total non-current assets		417,620,032	329,138,561
Current assets			
Inventories	6	720,061,303	396,374,243
Trade debtors	7	435,000	8,051,925
Other receivable	8	1,603,146	-
Advances, deposits and prepayments	9	66,335,533	50,293,772
Inter-company receivable	10	701,581,460	726,212,549
Cash and bank balances	11	4,780,393	8,022,605
Total current assets		1,494,796,835	1,188,955,094
Total assets		1,912,416,867	1,518,093,655
Equity and liabilities			
Shareowners' equity			
Share capital	12	250,000,000	250,000,000
Revaluation surplus		75,974,999	65,495,689
Retained earnings		482,061,059	278,771,668
Total equity		808,036,058	594,267,357
Liabilities			
Deferred tax liability	13	57,510,123	76,787,324
Long term bank loan	14	55,900,374	-
Total non current liabilities		113,410,497	76,787,324
Current liabilities			
Bank overdraft	11	84,311,411	20,075,993
Short term bank loan	15	696,967,334	663,190,412
Long term bank loan - current portion		5,183,939	-
Withholding tax and VAT		-	83,154
Trade creditors and accruals	16	113,290,184	114,066,612
Inter-company liabilities	17	7,736,772	-
Provision for tax	18	83,480,672	49,622,803
Total current liabilities		990,970,312	847,038,974
Total equity and current liabilities		1,912,416,867	1,518,093,655

The annexed notes 1 to 28 form an integral part of these financial statements.

Director

Director

Company Secretary

As per our report of same date.

Auditors

Dhaka, 28 April 2009



ACI Formulations Limited

Profit and Loss Account

for the year ended 31 December 2008

	<u>Notes</u>	<u>2008</u> <u>Taka</u>	<u>2007</u> <u>Taka</u>
Revenue	19	2,093,473,935	1,383,118,708
Cost of sales	20	(1,688,011,551)	(1,170,928,968)
Gross profit		405,462,384	212,189,740
Administrative, selling and distribution expenses	21	(46,931,876)	(52,727,239)
Operating profit		358,530,508	159,462,501
Other income	22	4,872,573	1,187,728
Financing cost	23	(77,765,721)	(41,794,221)
		285,637,360	118,856,008
Provision for contribution to WPPF		(14,281,868)	(5,942,801)
Profit before tax		271,355,492	112,913,207
Income tax expenses			
Current tax expenses	18	(76,863,992)	(47,650,000)
Deferred tax income	24	8,797,891	261,867
		(68,066,101)	(47,388,133)
Profit after tax		203,289,391	65,525,074
 Earnings per share (EPS)		 8.13	 2.62

The annexed notes 1 to 28 form an integral part of these financial statements.

Director

Director

Company Secretary

As per our report of same date.

Auditors

Dhaka, 28 April 2009

ACI Formulations Limited

Cash Flow Statement

for the year ended 31 December 2008

	Notes	2008 Taka	2007 Taka
A) Cash flows from operating activities			
Cash receipts from customers		2,125,721,949	1,012,480,029
Cash receipts from other income		4,872,573	1,187,728
		<u>2,130,594,522</u>	<u>1,013,667,757</u>
Cash paid:			
to other debtors		(1,603,146)	-
for purchase of inventory		(2,014,547,502)	(1,177,446,084)
for operating expenses		(46,931,876)	(52,727,239)
from/(to) other creditors		12,352,063	(1,395,748)
from/(for) advances, deposits and prepayments		(7,451,287)	3,669,215
		<u>(2,058,181,748)</u>	<u>(1,227,899,856)</u>
Cash generated from operating activities		<u>72,412,774</u>	<u>(214,232,099)</u>
Financing cost		(77,765,721)	(41,794,221)
Income tax		(51,596,597)	(58,084,381)
		<u>(129,362,318)</u>	<u>(99,878,602)</u>
<i>Net cash used in operating activities</i>		<u>(56,949,544)</u>	<u>(314,110,701)</u>
B) Cash flows from investing activities			
Purchase of property, plant and equipment		(3,317,258)	(2,893,730)
Payments for capital work-in-progress		(109,808,836)	(61,777,099)
<i>Net cash used in investing activities</i>		<u>(113,126,094)</u>	<u>(64,670,829)</u>
C) Cash flows from financing activities			
Inter-company debts received		7,736,772	-
Payment for finance lease		-	(235,731)
Short term bank loan (paid)/received		33,776,923	393,290,618
Long term bank loan (paid)/ received		61,084,313	-
<i>Net cash from financing activities</i>		<u>102,598,008</u>	<u>393,054,887</u>
D) Net decrease in cash and cash equivalents (A+B+C)		<u>(67,477,630)</u>	<u>14,273,357</u>
E) Cash and cash equivalents at 1 January		<u>(12,053,388)</u>	<u>(26,326,745)</u>
F) Cash and cash equivalents at 31 December (D+E) 11		<u><u>(79,531,018)</u></u>	<u><u>(12,053,388)</u></u>



ACI Formulations Limited Statement of Changes in Equity

for the year ended 31 December 2008

<u>Particulars</u>	<u>Share capital</u>	<u>Revaluation surplus</u>	<u>Tax holiday reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance at 31 December 2006	250,000,000	65,495,689	39,635,436	173,611,158	528,742,283
Net profit after tax	-	-	-	65,525,074	65,525,074
Transferred to tax holiday reserve	-	-	1,129,128	(1,129,128)	-
Transferred from tax holiday reserve	-	-	(40,764,564)	40,764,564	-
Balance at 31 December 2007	250,000,000	65,495,689	-	278,771,668	594,267,357
Net profit after tax	-	-	-	203,289,391	203,289,391
Deffered tax adjustment for changes in tax rate	-	10,479,310	-	-	10,479,310
Balance at 31 December 2008	250,000,000	75,974,999	-	482,061,059	808,036,058



ACI Formulations Limited

Notes to the Financial Statements

for the year ended 31 December 2008

1. Reporting entity

ACI Formulations Limited (the "Company") is a company domiciled in Bangladesh. It was incorporated as a private limited company on 29 October 1995. The address of the Company's registered office is 245 Tejgoan Industrial Area, Dhaka-1208. The Company went into commercial operations on 1 July 1998. The Company was converted from private limited to public limited company on 4 May 2005 and listed with both Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) on 30 October 2008. Advanced Chemical Industries Limited incorporated in Bangladesh is the immediate as well as ultimate parent of the Company.

1.2 Nature of the business

The principal activity of the Company was manufacturing and marketing of a number of agrochemical and consumer products. Most of the sales are to Advanced Chemical Industries Limited, which acts as the sales agent of the Company.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BASs)/Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

2.2 Other regulatory compliances

The Company is also required to comply with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance 1984

The Income Tax Rules 1984

The Value Added Tax Act 1991

The Value Added Tax Rules 1991

2.3 Date of authorization

The Board of Directors has authorized the financial statements on 28 April 2009 for public issue.

2.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain assets which are stated at revalued amount.



2.5 Functional and presentational currency and level of precision

These financial statements are presented in Bangladesh Taka (Taka/Tk), currency, which is the Company's functional currency. All financial information presented in Taka have been rounded off to the nearest Taka.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with BASs/BFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note-06 - Inventory valuation
- Note-16 - Provision for expenses
- Note-18 - Provision for taxation
- Note-13 - Deferred tax liability
- Note-25 - Contingent liability

2.7 Reporting period

The financial period of the Company encompasses one year from 1 January to 31 December and is followed consistently. These financial statements cover the year of 2008.

3. Significant accounting policies

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Recognition and measurement

Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation less impairment loss, if any. The items of property, plant and equipment were revalued in the year 2004 by a firm of professional valuers on the basis of open market value.

Capital work in progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that were not ready for use at the end of 2008 and these are stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

3.1.3 Depreciation

All items of property, plant and equipment (except land) have been depreciated on straight line basis. Depreciation on additions is charged at 50% of normal rates only in the year of acquisition and no depreciation is charged in the year of disposal. Depreciation is charged at the rates varying from 2.5% to 20% depending on the estimated useful lives of assets. No depreciation is charged for land and capital work in progress.

The revalued items of property, plant and equipment are depreciated by writing off their revalued amount at the date of revaluation over their remaining estimated useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Building	40-00 years
Plant and machinery	10-00 years
Furniture and fixture	10-00 years
Electrical and other office appliances	05-10 years
Equipment and machinery	05-10 years
Vehicles	05-00 years
Deep tube well	10-00 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. No estimates in respect of items of property, plant and equipment were revised in 2008.

3.2 Impairment

The carrying amount of the entity's non financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.3 Trade and other receivables

Trade and other receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to uncollectibility of any amount so recognized.



3.4 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to profit and loss account.

3.5 Cash and cash equivalent

Cash and cash equivalent includes cash in hand, cash at banks which are held and available for use by the Company without any restriction. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of cash flow statement.

3.6 Provision

A provision is recognized if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.7 Contingencies

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

3.8 Income tax expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.8.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The applicable tax rate for the Company is 27.5% for the year. Provision for taxation has been made on the basis of Finance Ordinance 2008.

3.8.2 Deferred tax

Deferred tax is recognized using the balance sheet method. Deferred tax arises due to temporary difference deductible or taxable for the events or transactions recognized in the income statement. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount/reported amount in the balance sheet. Deferred tax asset or liability is the amount of income tax recoverable or payable in future period(s) recognized in the current period. The deferred tax asset/income or liability/expense does not create a legal liability/recoverability to and from the income tax authority. Deferred tax also arises due to revaluation of property, plant and equipment. The resulting impact of deferred tax assets/liabilities on revaluation reserve is included in statement of changes in equity.

3.9 Foreign currency transactions

Foreign currency transactions are converted at the rates ruling on the dates advices are received. Monetary assets and liabilities denominated at foreign currencies, if any, at the reporting date are reconverted at rates ruling at the balance sheet date. All exchange differences are charged/credited to profit and loss account after being absorbed in the respective head of income or expenditure.

3.10 Revenue

3.10.1 Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when invoices are raised and goods are delivered since at this point the significant risks and rewards of ownership have been transferred to the buyer. After this, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

3.10.2 Interest income

Finance income comprises of interest income of fund invested. Interest income is recognized on accrual basis.

3.11 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operation capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Stock in transit represents the cost incurred up to the date of the balance sheet for the items that were not received till to the date of balance sheet. Inventory losses and abnormal losses are recognized as expenses.

3.12 Borrowing cost

Finance expenses comprise interest expense on bank loan, finance lease and other borrowings. All borrowing cost are recognized in the profit and loss account using effective interest method.

3.13 Cash flow statement

Cash flow from operating activities have been presented under direct method.



3.14 Employee benefit

3.14.1 Defined contribution plan

Defined contribution plan is a post employment benefit plan under which the company provides benefits for one or more employees. The recognized Employees Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the company also makes equal contribution.

The company recognizes contribution to defined contribution plan as an expenses when an employee has rendered services in exchange for those contribution. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

3.14.2 Short-term benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.14.3 Workers' profit participation fund

The Company has created workers' profit participation fund and 5% of profit before charging such expense is transferred to this fund. The Company does not have any defined benefit obligation and defined contribution plan for its employees.

3.15 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary share. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year under audit.

3.16 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment is based on business segments.

3.17 New standards and interpretations yet to be applicable

A number of new standards, amendments to standards and interpretations not yet effective for the year ended 31 December 2008 have not been applied in preparing these financial statements.

BFRS 8 "Operating Segments" introduces the "management approach" to segment reporting. BFRS 8 which becomes mandatory for the company's 2010 financial statements will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the ACI Group's chief operating decision maker in order to assess each segment's performance and to allocate resources to them.

4. Property, plant and equipment

4.1 At cost-2008

Name of assets	Cost		Balance as at 31 December 2008	Rate	Depreciation		Written down value as at 31 December 2008
	Balance as at 1 January 2008	Addition during the Year			Balance as at 1 January 2008	Addition during the Year	
	Taka	Taka	Taka		Taka	Taka	Taka
Own assets							
Land							
Unit 1	15,149,107	1,296,744	16,445,851	-	-	-	16,445,851
Building							
Unit 1	81,170,866	2,065,696	83,236,562	2.50%	2,055,093	14,493,361	68,743,201
Unit 2	13,858,595	8,508,976	22,367,571	2.50%	452,827	2,467,575	19,899,996
Unit 3	13,733,172	-	13,733,172	2.50%	1,441,901	1,785,231	11,947,941
Plant							
Unit 1	46,308,613	5,191,473	51,500,086	10%	30,105,078	34,995,513	16,504,572
Unit 2	62,358,496	39,644,872	102,003,368	10%	31,213,115	39,431,208	62,572,161
Unit 3	12,464,191	1,481,030	13,945,221	10%	5,364,328	6,684,799	7,260,422
Equipment and machinery							
Unit 1	9,930,002	401,336	10,331,338	10-20%	5,588,869	6,738,874	3,592,464
Unit 2	1,202,670	223,800	1,426,470	10-20%	119,486	252,543	1,173,927
Unit -3	282,765	-	282,765	10-20%	14,138	44,015	238,750
Electric and other appliances							
Unit 1	5,475,920	120,292	5,596,212	10-20%	2,708,326	3,322,493	2,273,719
Unit 2	3,428,628	-	3,428,628	10-20%	776,985	1,147,785	2,280,843
Unit 3	2,353,528	224,200	2,577,728	10-20%	320,503	590,587	1,987,141
Furniture and fixtures							
Unit 1	3,199,823	440,177	3,640,000	10%	1,529,630	1,871,621	1,768,379
Unit 2	5,015,319	26,200	5,041,519	10%	1,506,248	2,009,090	3,032,429
Unit 3	674,190	16,950	691,140	10%	142,646	210,913	480,227
Vehicles							
Unit 1	5,568,500	-	5,568,500	20%	5,090,460	5,252,428	316,072
Deep tubewell							
Unit 1	140,000	-	140,000	10%	133,000	140,000	-
	282,314,385	59,641,745	341,956,130		100,507,730	121,438,035	220,518,095

4.2 Revaluation-2008

Name of assets	Revaluation			Rate	Depreciation on revaluation			Written down value as at 31 December 2008
	Balance as at 1 January 2008	Addition during the Year	Balance as at 31 December 2008		Balance as at 1 January 2008	Addition during the Year	Balance as at 31 December 2008	
	Taka	Taka	Taka		Taka	Taka	Taka	
Own assets								
Land								
Unit 1	61,312,837	-	61,312,837	-	-	-	61,312,837	
Building								
Unit 1	6,634,644	-	6,634,644	2.50%	580,531	165,866	746,397	5,888,247
Unit 2	2,472,218	-	2,472,218	2.50%	216,318	61,805	278,124	2,194,094
Unit 3	848,461	-	848,461	2.50%	74,242	21,212	95,453	753,008
Plant								
Unit 1	8,193,868	-	8,193,868	10%	2,867,854	819,387	3,687,241	4,506,627
Unit 2	6,744,849	-	6,744,849	10%	2,360,697	674,485	3,035,182	3,709,667
Unit 3	16,626,917	-	16,626,917	10%	5,819,421	1,662,692	7,482,112	9,144,805
Equipment and machinery								
Unit 1	323,824	-	323,824	10-20%	113,338	32,382	145,721	178,103
Unit 2	77,018	-	77,018	10-20%	26,956	7,702	34,658	42,360
Electric and other appliances								
Unit 1	704,065	-	704,065	10-20%	246,425	70,407	316,831	387,234
Unit 2	(363,947)	-	(363,947)	10-20%	(127,382)	(36,395)	(163,776)	(200,171)
Furniture and fixtures								
Unit 1	160,215	-	160,215	10%	56,076	16,022	72,097	88,118
Unit 2	(266,855)	-	(266,855)	10%	(93,400)	(26,686)	(120,085)	(146,770)
Unit 3	(18,310)	-	(18,310)	10%	(6,409)	(1,831)	(8,240)	(10,070)
Vehicles								
Unit 1	1,184,348	-	1,184,348	20%	710,610	236,870	947,479	236,869
Deep tubewell								
Unit 1	34,000	-	34,000	10%	11,900	10,400	22,300	11,700
Effect of revaluation	104,668,152	-	104,668,152		12,857,176	3,714,317	16,571,493	88,096,659
Total 31 December 2008	386,982,537	59,641,745	446,624,282	-	113,364,906	24,644,622	138,009,528	308,614,754

Property, plant and equipment

At cost-2007-Comparative

Name of assets	Cost			Rate	Depreciation			Written down value as at 31 December 2007
	Balance as at 1 January 2007	Addition during the Year	Balance as at 31 December 2007		Balance as at 1 January 2007	Charged during the period	Balance as at 31 December 2007	
	Taka	Taka	Taka		Taka	Taka	Taka	
Own assets								
Land								
Unit 1	14,651,678	497,429	15,149,107	-	-	-	15,149,107	
Building								
Unit 1	80,314,092	856,774	81,170,866	2.50%	2,018,562	12,438,268	68,732,598	
Unit 2	13,858,595	-	13,858,595	2.50%	346,465	2,014,748	11,843,847	
Unit 3	13,733,172	-	13,733,172	2.50%	343,329	1,441,901	12,291,271	
Plant								
Unit 1	45,281,973	1,026,640	46,308,613	10%	4,579,529	30,105,078	16,203,535	
Unit 2	58,226,616	4,131,880	62,358,496	10%	6,029,256	31,213,115	31,145,382	
Unit 3	11,438,671	1,025,520	12,464,191	10%	1,195,143	5,364,328	7,099,863	
Equipment and machinery								
Unit 1	9,379,538	550,464	9,930,002	10-20%	1,081,845	5,588,869	4,341,133	
Unit 2	331,550	871,120	1,202,670	10-20%	41,975	119,486	1,083,184	
Unit -3	-	282,765	282,765	10-20%	-	14,138	268,627	
Electric and other appliances								
Unit 1	4,607,071	868,849	5,475,920	10-20%	2,172,825	2,708,326	2,767,594	
Unit 2	2,636,837	791,791	3,428,628	10-20%	458,811	776,985	2,651,643	
Unit 3	1,850,460	503,068	2,353,528	10-20%	96,623	320,503	2,033,025	
Furniture and fixtures								
Unit 1	3,107,036	92,787	3,199,823	10%	1,214,287	1,529,630	1,670,193	
Unit 2	5,015,319	-	5,015,319	10%	1,004,716	1,506,248	3,509,071	
Unit 3	674,190	-	674,190	10%	75,227	142,646	531,544	
Vehicles								
Unit 1	3,791,875	-	3,791,875	20%	3,192,370	3,491,497	300,378	
Deep tubewell								
Unit 1	140,000	-	140,000	10%	119,000	133,000	7,000	
	269,038,673	11,499,087	280,537,760		80,948,012	98,908,767	181,628,993	
Leased assets								
Vehicle								
Unit 1	1,776,625	-	1,776,625	20%	1,243,638	1,598,963	177,662	
	1,776,625	-	1,776,625		1,243,638	1,598,963	177,662	
	270,815,298	11,499,087	282,314,385		82,191,650	100,507,730	181,806,655	

Revaluation-2007

Name of assets	Revaluation			Depreciation on revaluation			Written down value as at 31 December 2007	
	Balance as at 1 January 2007	Addition during the Year	Balance as at 31 December 2007	Rate	Balance as at 1 January 2007	Charged during the period		Balance as at 31 December 2007
	Taka	Taka	Taka		Taka	Taka		Taka
Own assets								
Land								
Unit 1	61,312,837	-	61,312,837	-	-	-	61,312,837	
Building								
Unit 1	6,634,644	-	6,634,644	2.50%	414,665	165,866	6,054,113	
Unit 2	2,472,218	-	2,472,218	2.50%	154,513	61,805	2,255,900	
Unit 3	848,461	-	848,461	2.50%	53,030	21,212	774,219	
Plant								
Unit 1	8,193,868	-	8,193,868	10%	2,048,467	819,387	5,326,014	
Unit 2	6,744,849	-	6,744,849	10%	1,686,212	674,485	4,384,152	
Unit 3	16,626,917	-	16,626,917	10%	4,156,729	1,662,692	10,807,496	
Equipment and machinery								
Unit 1	323,824	-	323,824	10-20%	80,956	32,382	210,486	
Unit 2	77,018	-	77,018	10-20%	19,254	7,702	50,062	
Electric and other appliances								
Unit 1	704,065	-	704,065	10-20%	176,018	70,407	457,641	
Unit 2	(363,947)	-	(363,947)	10-20%	(90,987)	(36,395)	(236,565)	
Furniture and fixtures								
Unit 1	160,215	-	160,215	10%	40,054	16,022	104,140	
Unit 2	(266,855)	-	(266,855)	10%	(66,714)	(26,686)	(173,456)	
Unit 3	(18,310)	-	(18,310)	10%	(4,578)	(1,831)	(11,901)	
Vehicles								
Unit 1	1,184,348	-	1,184,348	20%	473,740	236,870	473,738	
Deep tubewell								
Unit 1	34,000	-	34,000	10%	8,500	3,400	22,100	
Effect of revaluation	104,668,152	-	104,668,152		9,149,859	3,707,317	91,810,976	
Total 31 December 2007	375,483,450	11,499,087	386,982,537	-	91,341,509	22,023,397	273,617,631	

5. Capital work-in-progress

	2008			2007
	Building and furniture	Plant and machinery	Total	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Opening balance as on 1 January	2,276,192	53,244,738	55,520,930	2,349,190
Addition during the period	20,078,301	89,730,535	109,808,836	61,777,097
Transferred to property, plant and equipment	10,800,324	45,524,164	56,324,488	8,605,357
Closing balance as on 31 December	<u>11,554,169</u>	<u>97,451,109</u>	<u>109,005,278</u>	<u>55,520,930</u>

6. Inventories

Raw materials		406,901,350	213,184,257
Packing materials		115,061,079	60,050,902
Finished goods		120,831,554	30,126,536
Stock in transit		75,837,074	88,730,455
Other inventories (engineering stores and diesel)		9,229,162	5,715,173
		<u>727,860,219</u>	<u>397,807,323</u>
Less: Provision for slow moving inventory		(7,798,916)	(1,433,080)
		<u>720,061,303</u>	<u>396,374,243</u>

In view of innumerable items of inventories and diversified quantities, it is not feasible to disclose quantities against each item of inventory.

7. Trade debtors

	2008			2007
	Due over 6 months	Due below 6 months	Total	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Crop Care & Public Health (CC & PH)	469,650	-	469,650	8,252,162
Mosquito Coil (MC)	-	435,000	435,000	-
	<u>469,650</u>	<u>435,000</u>	<u>904,650</u>	<u>8,252,162</u>
Less: Provision for bad debt			(469,650)	(200,237)
			<u>435,000</u>	<u>8,051,925</u>

8. Other receivable

This amount is due from EAC Industrial Ingredients (Pvt) Limited on account of factory warehouse and engineering facilities obtained from ACI Formulations Limited.

9. Advances, deposits and prepayments

	2008	2007
	<u>Taka</u>	<u>Taka</u>
Advance tax	36,675,400	28,084,926
Advance to suppliers	25,389,140	18,343,492
Interest receivable against advance to suppliers	-	51,884
Security money and tender deposits	4,267,992	3,813,470
Prepayments	3,001	-
	<u>66,335,533</u>	<u>50,293,772</u>



	Notes	2008 Taka	2007 Taka
10. Inter-company receivable			
ACI Limited		698,374,756	726,212,549
ACI Motors Limited		805,303	-
Premiaflex Plastics Limited		2,401,401	-
		701,581,460	726,212,549
11. Cash and bank balances			
Cash in hand		150,000	150,000
Cash at bank		4,630,393	7,872,605
Cash and bank balances		4,780,393	8,022,605
Bank overdrafts used for cash management purposes	11.1	(84,311,411)	(20,075,993)
Cash and cash equivalents in the cash flow statement		(79,531,018)	(12,053,388)
11.1 Bank overdraft			
Standard Chartered Bank	15.1	56,617,116	13,958,770
The Hongkong and Shanghai Banking Corporation Ltd.	15.2	9,207,710	6,117,223
Citibank N.A.	15.3	917,333	-
Commercial Bank of Ceylon Plc	15.4	17,569,252	-
		84,311,411	20,075,993
12. Share capital			
Authorized:			
50,000,000 Ordinary shares of Tk. 10 each		500,000,000	500,000,000
Issued and paid up:			
6,600,000 Ordinary shares of Tk. 10 each		66,000,000	66,000,000
12,500,000 Bonus shares of Tk. 10 each		125,000,000	125,000,000
5,900,000 Right shares of Tk. 10 each		59,000,000	59,000,000
25,000,000		250,000,000	250,000,000
The aforesaid share capital is subscribed as under:			
		Number of shares	Percentage (%)
Directors/Sponsors		19,732,850	78.93
Institutions		875,700	3.50
General shareholders		4,391,450	17.57
		25,000,000	100.00

A distribution schedule of the above shares is given below as required by the listing rules:

Number of shareholders	Share owning	Number of shares	Percentage of total shareholdings
1,859	Less than 500	424,400	1.70%
821	501-5,000	1,302,450	5.21%
77	5,001-10,000	563,050	2.25%
29	10,001-20,000	428,200	1.71%
10	20,001-30,000	232,900	0.93%
10	30,001-40,000	350,850	1.40%
6	40,001-50,000	271,500	1.09%
7	50,001-100,000	522,200	2.09%
8	1,00,001-1,000,000	2,073,500	8.29%
2	Over-10,000,000	18,830,950	75.32%
<u>2,829</u>		<u>25,000,000</u>	<u>100.00%</u>

2008	2007
Taka	Taka

13. Deferred tax liability

(a) Deferred tax on temporary differences

(i) Taxable temporary differences

Fixed assets	112,603,183	95,180,432
Lease obligation	-	177,662

(ii) Deductible temporary difference

Stock	(7,798,916)	(1,433,080)
Debtors	(469,650)	(200,237)
Net taxable temporary differences	<u>104,334,617</u>	<u>93,724,777</u>
Tax rate	27.5%	40%

Deferred tax liability on temporary differences as of 31 December 28,692,020 37,489,911

(b) Deferred tax on revaluation surplus

(a+b) Closing balance 57,510,123 76,787,324

Deferred tax on revaluation surplus has been restated due to change of tax rate from 40% to 27.5% during the year.

14. Long term bank loan

The City Bank Limited (Note 14.1)	<u>55,900,374</u>	<u>-</u>
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14.1 Term Loan

Amount : Tk 100,000,000

Purpose : To retire imported machinery and to meet up cost of civil constructions as well as procurement of machinery from local sources.

Tenure : 05 years

Securities provided for the facilities mentioned under notes 14.1 are as follows:

- Hypothecation on specific plant, machinery and pre-fabricated structure financed by the bank.
- Corporate guarantee of ACI Limited.



15. Short term bank loan

	Notes	2008 Taka	2007 Taka
Standard Chartered Bank	15.1	320,433,050	291,282,649
The Hongkong and Shanghai Banking Corporation Limited	15.2	210,326,951	316,515,534
Citibank, N.A.	15.3	55,083,333	55,392,229
Commercial Bank of Ceylon Plc	15.4	111,124,000	-
		<u>696,967,334</u>	<u>663,190,412</u>

15.1 Standard Chartered Bank

The Company is enjoying following facilities from Standard Chartered Bank (SCB) under the following terms and conditions:

15.1.1 Overdraft

Limit : Tk 10,000,000
Purpose : Working capital
Tenure : On demand

15.1.2 Letters of credit/loan against trust receipt (LATR)

Amount : Tk 340,000,000
Purpose : To retire the documents under letters of credit issued by the Standard Chartered Bank (SCB).
Tenure : 120 days
Payment: On maturity each trust receipt outstanding will be adjusted by debiting the Company's bank account and quarterly interest will be charged into the same account.

15.1.3 Revolving loan

Amount : Tk 60,000,000
Purpose : To finance payment of Government duties and taxes against import of raw materials and also for procurement of local raw materials against suppliers' invoice.
Tenure : 120 Days
Payment: On maturity each Revolving Loan outstanding will be adjusted by debiting the Company's bank account and quarterly interest will be charged into the same account.

15.1.4 Short term loan

Amount : Tk 100,000,000
Purpose : Working capital finance
Tenure : 120 days

Securities provided for the facilities mentioned under notes 15.1.1, 15.1.2 and 15.1.3 are as follows:

- i) Demand Promissory Note and Letter of Continuation for Tk 540,000,000 each
- ii) Registered first charge over stock and book debts of the Company for Tk 530,000,000
- iii) First charge by way of registered mortgage over the tangible fixed assets of the Company both existing and future where Standard Chartered Bank's share should be at least Tk 15,000,000
- iv) Corporate guarantee from ACI Limited with supporting Board Resolution
- v) Agreement and indemnity relating to the issuing of documentary credits
- vi) Board resolution of the Company covering the entire facility

15.2 The Hongkong and Shanghai Banking Corporation Limited

The Company is enjoying following facilities from The Hongkong and Shanghai Banking Corporation Limited (HSBC) under the following terms and conditions:

15.2.1 Overdraft

Limit : Tk 10,000,000
Purpose : Working capital finance
Tenure : On demand

15.2.2 Letters of credit/loan against trust receipt (LATR)/short term loan

Amount : Tk 550,000,000
Purpose : To retire sight documents by creating import loan and usance documents against borrowers acceptance and issue shipping guarantee. To import raw materials/spares/small machinery on sight and on deferred basis.
Tenure : 180 days for import loan and deferred payment bill and 30 days for shipping guarantee.

Securities for the facilities mentioned under notes 15.2.1 and 15.2.2 are as follows:

- i) Demand promissory note of Tk 380,320,000 with letter of revival and continuity.
- ii) Letter of 'Set Off' between different accounts maintained with the bank.
- iii) Corporate guarantee to be executed by ACI Limited for Tk 430,000,000 with supporting Board Resolution for credit facilities granted to ACI Formulations Limited.
- iv) First pari-passu charge with other lenders over the borrower's stock of raw materials, work-in-progress and finished goods for Tk 430,000,000 with the Registrar of Joint Stock Companies (RJSC).
- v) First pari-passu charge with other lenders over the borrower's Book Debts/Receivables for Tk 430,000,000 with the Registrar of Joint Stock Companies (RJSC) on pari-pasu basis with SCB where HSBC's share is 430,000,000.

15.3 Citibank, N.A.

The Company is enjoying following facilities from Citibank, N.A. under the following terms and conditions.

15.3.1 Letters of credit/loan against trust receipts/short term loan

Amount : Tk 300,000,000
Purpose : For import of raw materials, spares and finished goods required for normal course of business
Tenure : 180 days for import loan and deferred payment bill and 30 days for shipping guarantee

Securities for the facilities mentioned under notes 15.3.1 are as follows:

- i) Registered first charge over stock and book debts of the Company for Tk 470,000,000
- ii) Cross corporate guarantee from ACI Limited and ACI Formulations Limited

The agreement permits the use of funds by both ACI Limited and ACI Formulations Limited under this agreement. However the joint utilization limit is capped to Tk 400,000,000.

15.4 Commercial Bank of Ceylon Plc

The Company is enjoying following facilities from Commercial Bank of Ceylon Plc. under the following terms and conditions:

15.4.1 Overdraft

Limit : Tk 20,000,000
Purpose : Working capital finance
Tenure : On demand



15.4.2 Letters of credit/loan against trust receipt (LATR)

Amount : Tk 60,000,000

Purpose : To retire import documents for raw materials and chemicals

Tenure : 180 days

15.4.3 Short term loan

Amount : Tk 100,000,000

Purpose : Working capital finance

Tenure : 180 days

Securities for the facilities mentioned under notes 15.4.1, 15.4.2 and 15.4.3 are as follows:

Registered first hypothecation charge over stocks and book debts on pari-pasu basis with SCB and HSBC, CBC's share being Tk 180,000,000.

16. Trade creditors and accruals

	<u>2008</u> Taka	<u>2007</u> Taka
Creditors for expenses	47,480,434	74,973,947
Security money payable	498,694	198,694
Interest payable	14,877,054	2,741,837
Workers' profit participation fund	50,434,002	36,152,134
	<u>113,290,184</u>	<u>114,066,612</u>

17. Inter-company liabilities

ACI Pure Flour Limited	3,450,000	-
ACI Salt Limited	3,917,524	-
ACI Foods Limited	369,248	-
	<u>7,736,772</u>	<u>-</u>

18. Provision for tax

Opening balance	49,622,803	60,057,184
Provision made during the year	76,863,992	47,650,000
Adjustment against advance tax	(43,006,123)	(58,084,381)
Closing balance	<u>83,480,672</u>	<u>49,622,803</u>

19. Revenue

Agrochemical products (Crop Care and Public Health)	1,252,796,889	789,479,979
Consumer products (Mosquito Coil and Aerosol)	840,677,046	593,638,729
	<u>2,093,473,935</u>	<u>1,383,118,708</u>

97% sales of Unit 1 and 2 and 100% sales of Unit 3 were made to ACI Ltd. which acts as the sales agent of the Company. In view of innumerable items of sales and diversified quantities, it is not feasible to disclose quantities against each item of sales.

20. Cost of sales

	2008				2007
	CC & PH	M Coil	Aerosol	Total	Total
	Taka	Taka	Taka	Taka	Taka
Raw and packing materials:					
Opening stock	161,983,055	54,387,381	56,864,723	273,235,159	182,676,147
Purchase	1,134,410,357	406,461,082	330,235,079	1,871,106,518	1,096,007,527
	1,296,393,412	460,848,463	387,099,802	2,144,341,677	1,278,683,674
Closing stock	(335,038,121)	(76,363,509)	(110,560,800)	(521,962,430)	(273,235,159)
	961,355,291	384,484,954	276,539,002	1,622,379,247	1,005,448,515
Overhead and operating expenses (Note 20.1)	43,385,789	98,536,935	14,414,598	156,337,322	121,643,626
Cost of goods manufactured	1,004,741,080	483,021,889	290,953,600	1,778,716,569	1,127,092,141
Finished goods:					
Opening stock	30,126,536	-	-	30,126,536	73,963,363
Closing stock	(120,829,706)	(1,848)	-	(120,831,554)	(30,126,536)
	(90,703,170)	(1,848)	-	(90,705,018)	43,836,827
Cost of sales	914,037,910	483,020,041	290,953,600	1,688,011,551	1,170,928,968

As per Part II of Schedule XI of the Companies Act 1994, the raw materials, purchases and stocks should be expressed in quantitative denomination, however this could not be provided as the Company deals with large number of products both locally made and imported.

Raw and packing materials have been procured from local sources and also imported from the following countries:

India
Malaysia
Italy
Japan
China

70% (approximately) of consumed raw and packing materials are imported.

20.1 Overhead and operating expenses

There is no significant expenditure included here which is directly connected to production.

	2008				2007
	CC&PH	M Coil	Aerosol	Total	Total
	Taka	Taka	Taka	Taka	Taka
Salary and wages	16,134,794	27,266,352	5,160,939	48,562,085	37,623,090
Staff welfare and uniforms	3,688,538	6,811,716	1,481,572	11,981,827	4,142,592
Fuel and electricity	4,588,214	42,218,455	2,235,935	49,042,604	40,957,222
Postage, telephone, fax etc.	124,517	213,221	41,450	379,188	514,678
Traveling and conveyance	219,403	80,044	18,048	317,495	622,165
Donation and trade subscription	175,225	294,373	104,131	573,729	357,542
Insurance premium	1,680,941	773,894	560,838	3,015,673	1,737,332
Office stationery	300,956	406,084	101,983	809,023	610,816
Entertainment	245,236	14,325	86,159	345,720	214,113
Training	87,905	123,281	53,833	265,019	105,000



	2008				2007
	CC&PH	M Coil	Aerosol	Total	Total
	Taka	Taka	Taka	Taka	Taka
Rent, rates and taxes	179,715	137,941	427,821	745,477	718,072
Repairs and maintenance	4,860,290	9,314,351	1,168,588	15,343,228	12,930,802
Car running expenses	572,673	1,118,737	166,589	1,857,999	419,992
Lab chemicals and testing fee	165,360	113,532	71,611	350,503	169,488
Depreciation	10,571,992	10,328,153	3,744,478	24,644,623	22,023,397
Product development expenses	479,724	173,100	-	652,824	-
Miscellaneous	110,306	162,641	34,360	307,307	228,000
	<u>44,185,789</u>	<u>99,550,200</u>	<u>15,458,335</u>	<u>159,194,324</u>	<u>123,374,301</u>

Recovery of expenses for toll manufacturing service charges are as follows:

ACI Limited	-	330,000	1,043,737	1,373,737	930,675
ACI Motors	-	683,265	-	683,265	-
EAC Industrial Ingredients Pvt Limited	800,000	-	-	800,000	800,000
	<u>800,000</u>	<u>1,013,265</u>	<u>1,043,737</u>	<u>2,857,002</u>	<u>1,730,675</u>
Charged to cost of sales	43,385,789	98,536,935	14,414,598	156,337,322	121,643,626

21. Administrative, selling and distribution expenses

Audit fees	66,667	66,667	66,666	200,000	150,000
Entertainment	380,626	20,497	12,104	413,227	965,132
Delivery expenses	885,381	783,700	196,350	1,865,431	3,348,897
Bank charges	39,452	54,152	27,360	120,964	385,597
Legal and professional charges	179,636	180,584	178,549	538,769	73,619
Business promotion expenses	1,646,953	80,170	1,000	1,728,123	4,719,894
Other expenses	1,693,465	1,097,275	170,913	2,961,653	5,100
	<u>4,892,180</u>	<u>2,283,045</u>	<u>652,942</u>	<u>7,828,167</u>	<u>9,648,239</u>
Marketing expenses	1,802,006	-	-	1,802,006	1,650,000
Field force expenses	641,000	-	-	641,000	787,000
Distribution expenses	191,000	-	-	191,000	152,000
Administrative expenses	22,865,464	8,187,585	5,416,654	36,469,703	40,490,000
	<u>25,499,470</u>	<u>8,187,585</u>	<u>5,416,654</u>	<u>39,103,709</u>	<u>43,079,000</u>
	<u>30,391,650</u>	<u>10,470,630</u>	<u>6,069,596</u>	<u>46,931,876</u>	<u>52,727,239</u>

These expenses have been charged by ACI Limited to support the activities of ACI Formulations Limited as per agreement executed between them.

22. Other income

	2008 Taka	2007 Taka
Crop Care and Public Health (CC & PH)	2,785,421	1,101,718
Mosquito Coil (MC)	960,205	-
Aerosol	1,126,947	86,010
	4,872,573	1,187,728

23. Financing cost

Interest expense:

Interest on bank loan	90,560,308	41,879,561
	90,560,308	41,879,561

Interest income:

Inter-company	(11,639,857)	-
Suppliers/others	(1,154,730)	(85,340)
	(12,794,587)	(85,340)
	77,765,721	41,794,221

24. Deferred tax income

Net taxable temporary differences	104,334,618	93,724,777
Tax rate	27.5%	40%
Deferred tax liability as of 31 December	28,692,020	37,489,911
Less: Opening balance as of 1 January	37,489,911	37,751,778
	8,797,891	261,867

25. Off balance sheet items

25.1 Commitments

On the balance sheet date, the Company is enjoying non-funded credit facilities from the following banks:

Letters of credit

Standard Chartered Bank	41,948,383	36,598,825
The Hongkong and Shanghai Banking Corporation Limited	-	206,957,963
Citibank, N.A.	48,266,057	-
	90,214,440	243,556,788

25.2 Contingent liabilities

Bank guarantee

The Hongkong and Shanghai Banking Corporation Limited	24,679	24,679
	24,679	24,679

Shipping guarantee

Standard Chartered Bank	-	1,104,640
	-	1,104,640



26. Related party transaction

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of BAS 24: Related Party Disclosures:

Name of the party	Relationship	Nature of transactions	Transaction value		Outstanding balance as at 31 December	
			Year ended 31 December		as at 31 December	
			2008	2007	2008	2007
			Taka	Taka	Taka	Taka
ACI Limited	Holding company	Sales of products	2,039,016,708	1,308,144,018	698,374,756	276,212,549
ACI Motors Limited	Sister concern	Service rendering	805,303	-	805,303	-
Premiaflex Plastics Limited	Sister concern	Working capital financing	2,401,401	-	2,401,401	-
ACI Foods Limited	Sister concern	Working capital financing	1,164,249	-	(369,249)	-
ACI Pure Flour Limited	Sister concern	Working capital financing	3,450,000	-	(3,450,000)	-
ACI Salt Limited	Sister concern	Working capital financing	31,983,239	-	(3,917,524)	-

Directors' emoluments

	2008	2007
	Taka	Taka
Remuneration	2,025,000	-
Salary	1,935,462	1,713,720
	<u>3,960,462</u>	<u>1,713,720</u>

27. General

27.1 Previous year's figures have been rearranged where necessary to conform to current year's presentation.

27.2 The number of employees drawing Tk 3,000 or more per month was 271 in 2008 (as against 163 in 2007).

27.3 Production capacity:

The production status (business wise) for the year ended 31 December 2008 are as follows:

Business segment	Capacity	Unit of measurement	Actual	% of utilization
Crop Care & Public Health	16,500	Metric Ton	11,658	71%
Mosquito Coil	1,056,000	Carton	621,393	59%
Aerosol	7,560,000	Pcs	3,271,029	43%

27.4 Capital expenditure commitment

There is a capital expenditure commitment of Tk 93 million in respect of import of plant and machinery items for civil construction, warehouse and laboratory for Sulphur plant project.

27.5 Foreign currency transaction

	2008	2007
	Taka	Taka
During the year under audit, following payments were made in foreign currencies:		
Raw and packing materials	1,248,006,049	854,240,098
Capital machinery	35,830,370	38,712,994
	<u>1,283,836,419</u>	<u>892,953,092</u>

27.6 Subsequent events

The board of directors of ACI Formulations Limited has recommended cash dividend Tk 25,000,000 and stock dividend Tk 50,000,000 for the year 2008 subject to approval of the shareholders in the Annual General Meeting scheduled to be held on 18 June 2009.

There are no other events identified after the balance sheet date which might be material.

28. Segment reporting

The Company comprises of the following business segments all of which are reportable:

Crop Care and Public Health : To manufacture and sale of crop care and public health products.

Mosquito coil : To manufacture and sale of mosquito coil products.

Aerosol : To manufacture and sale of aerosol and air freshener products.

Particulars	2008					2007
	Reportable business segment			Unallocated	Total	Total
	CC & PH	M Coil	Aerosol			
Taka	Taka	Taka	Taka	Taka	Taka	
Segment revenue:						
To external customers	1,252,796,889	526,752,194	313,924,852	-	2,093,473,935	1,383,118,708
To other segment	-	-	-	-	-	-
Total revenue	1,252,796,889	526,752,194	313,924,852	-	2,093,473,935	1,383,118,708
Cost of sales	(914,037,910)	(483,020,041)	(290,953,600)	-	(1,688,011,551)	(1,170,928,968)
Gross profit	338,758,979	43,732,153	22,971,252	-	405,462,384	212,189,740
Selling expenses	(4,089,959)	(80,170)	(1,000)	-	(4,171,129)	(7,156,894)
Distribution expenses	(1,076,381)	(783,700)	(196,350)	-	(2,056,431)	(3,500,897)
Administrative expenses	(25,225,310)	(9,606,760)	(5,872,246)	-	(40,704,316)	(42,069,448)
Other income/(expense)	2,785,421	960,205	1,126,947	-	4,872,573	1,187,728
Segment result	311,152,750	34,221,728	18,028,603	-	363,403,081	160,650,229
Segment assets	1,228,231,922	396,100,701	243,776,059	44,308,185	1,912,416,867	1,518,093,655
Segment equity and liabilities	451,787,393	168,195,657	99,643,530	1,192,790,287	1,912,416,867	1,518,093,655



Corporate Directory

Registered Office

ACI Centre
245 Tejgaon Industrial Area
Dhaka 1208
Phone : (8802) 9885694
Fax : (8802) 9884784, 9886029

Share Office

9 Motijheel C/A
Dhaka 1000
Phone : (8802) 9556254
Fax : (8802) 9565257

Manufacturing Facilities

ACI Formulations Plant
Rajabari, Sreepur, Gazipur
Phone : (8802) 9201071, 9201072
Fax : (8802) 9201070



ACI Formulations Limited

Registered Office
ACI Centre, 245 Tejgaon Industrial Area, Dhaka 1208

PROXY FORM

I/We _____
of _____
being a Member of ACI Formulations Limited, hereby appoint _____
of _____

whose signature is appended below as my/our proxy to attend and vote for me/us and on my/our behalf at the 13th Annual General Meeting of the Company to be held on Thursday, 18 June 2009 at 12:00 noon and/or at any adjournment thereof.

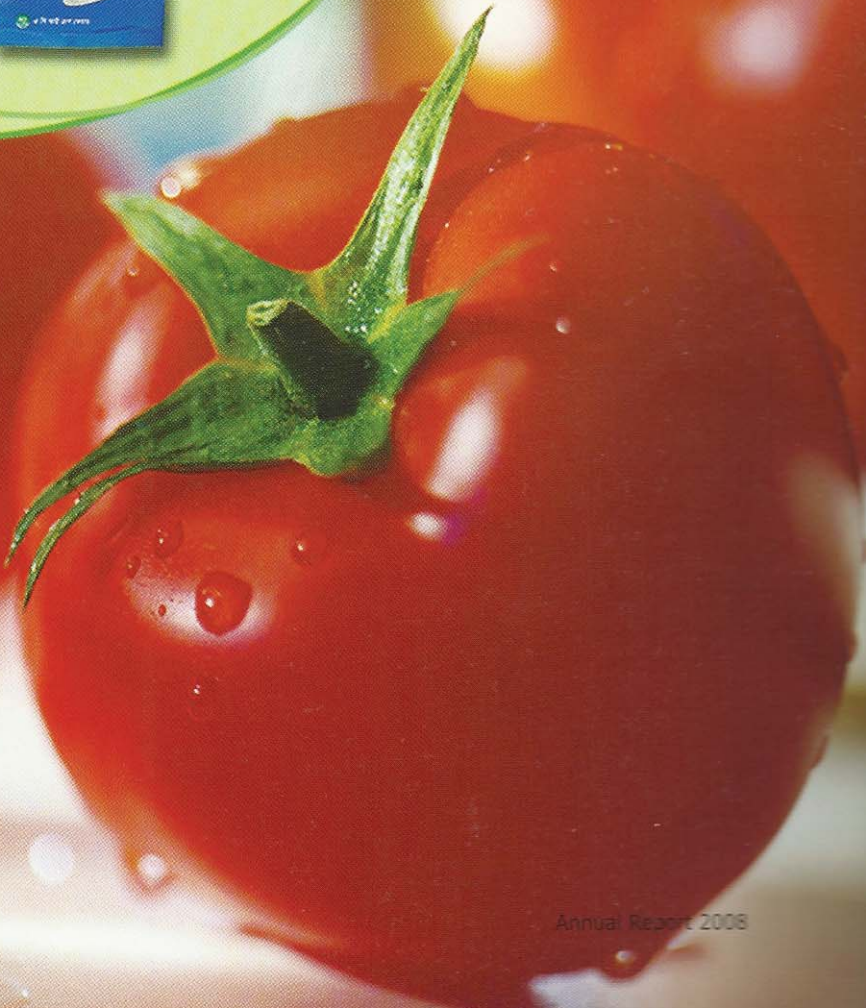
As witness my hands this _____ day of _____ 2009.

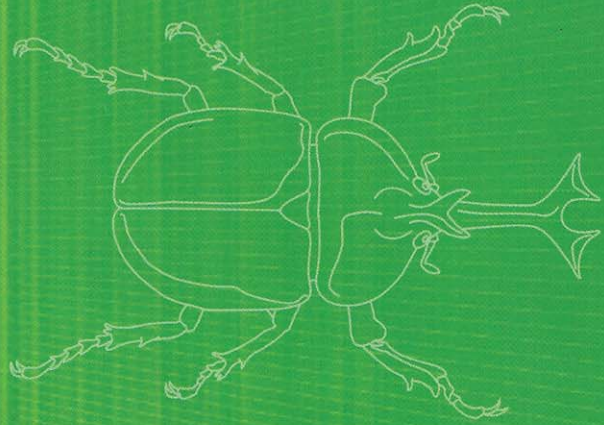
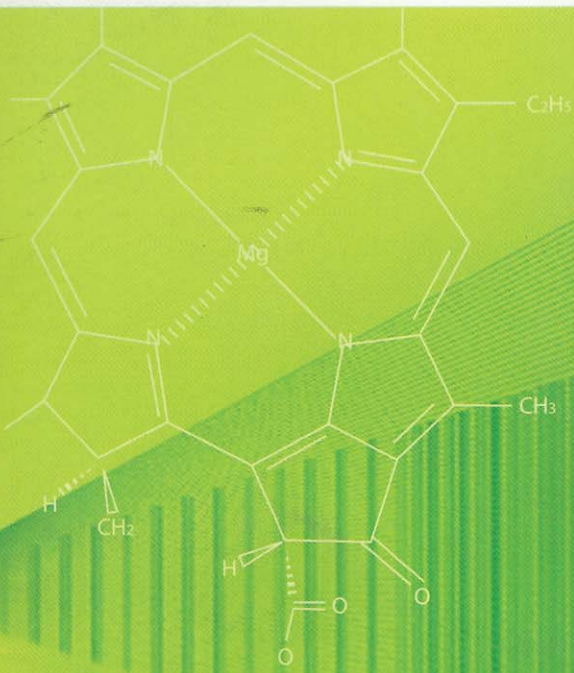
Signature on
Tk. 8
Revenue Stamp

(Signature of the Proxy)

(Signature of the Shareowner)
Registered Folio / BO ID No. _____
No. of Shares held _____

Note : A Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The Proxy Form, duly completed, must be deposited at the Share Office of the Company at 9 Motijheel C/A, Dhaka 1000, not later than 48 hours before the time fixed for the meeting.





ACI Formulations Limited
ACI Centre, 245 Tejgaon Industrial Area, Dhaka-1208